REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SECOND DIVISION

SABRE TRAVEL NETWORK (PHILIPPINES), INC. (Formerly ABACUS DISTRIBUTION SYSTEMS PHILIPPINES, INC.),
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE
Respondent.

CTA CASE NO. 10848

Members:

RINGPIS-LIBAN, *Chairperson,*
MODESTO-SAN PEDRO, *and*
FERRER-FLORES, *JJ.*

Promulgated:

4:10p.m.

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DECISION

RINGPIS-LIBAN, J.:

This case involves a Petition for Review seeking the nullification of the Assessment Notices and Warrant of Distraint and/or Levy (WDL No. RR8A-WDL-2022-01-015) issued against petitioner for alleged deficiency taxes for taxable year 2017 in the total amount of ₱27,146,305.44. Petitioner assails the assessments and the warrant as void for having been issued in violation of its right to due process.[1]

THE PARTIES

Petitioner Sabre Travel Network (Philippines), Inc. (formerly Abacus Distribution Systems Philippines Inc.) is a corporation duly organized and existing under Philippine laws, with principal office address at 3/F Trafalgar Plaza Bldg. De La Costa St., Salcedo Village, Makati City.[2]

Respondent Commissioner of Internal Revenue is the duly appointed head of the Bureau of Internal Revenue (BIR), the government agency tasked

[1] Statement of the Case, Pre-Trial Order dated February 8, 2023, Docket – Vol. I, p. 301.
[2] Par. 1, Summary of Admitted Facts, *Joint Stipulation of Facts and Issues* (JSFI), Docket – Vol. I, p. 244.

with the assessment and collection of all national internal revenue taxes, fees and charges, as well as enforcement of revenue laws. His office is located at the BIR National Office, BIR Road, Diliman, Quezon City.[3]

THE FACTS

On October 26, 2018, petitioner received Letter of Authority (LOA) No. eLA201600032635 dated October 24, 2018, together with an attached Checklist of Requirements. The LOA was signed by Glen A. Geraldino, Regional Director of Revenue Region 8 – Makati City, authorizing Revenue Officer (RO) Valcu Karl Ferrer and Group Supervisor Roberto Dureza of Revenue District Office No. 50 – South Makati, to examine petitioner's books of accounts and other accounting records for all internal revenue taxes covering the period January 1, 2017 to December 31, 2017.[4]

Thereafter, on May 14, 2019, petitioner received a Notice of Informal Conference (NIC) reflecting the BIR's initial findings from its audit and investigation of petitioner's accounting records for all internal revenue taxes for taxable year 2017 pursuant to LOA No. eLA201600032635.[5]

On May 27, 2019, petitioner filed a letter of even date[6] questioning the deficiency income tax and value-added tax (VAT) reflected in the NIC.

Subsequently, on December 7, 2020, respondent issued the Preliminary Assessment Notice (PAN), Parts I and II, with Details of Discrepancies,[7] finding petitioner liable for deficiency income tax, VAT, expanded withholding tax (EWT), withholding tax on compensation (WTC), documentary stamp tax (DST), and compromise penalty for taxable year 2017.

Respondent thereafter issued the Formal Letter of Demand, Parts I and II, with Details of Discrepancies and Assessment Notices (FLD/FAN), all dated February 3, 2021.[8] The FLD/FAN assessed petitioner for deficiency income tax, VAT, EWT, WTC, DST, and compromise penalty for taxable year 2017 in the aggregate amount of ₱27,146,305.44, broken down as follows:

Tax Type	Basic	25% Surcharge	12% Interest	Total
Income tax	₱ 10,373,097.00	₱ 2,593,274.25	₱ 3,621,773.92	₱ 16,588,145.17
VAT	3,576,026.62	894,006.65	1,342,626.54	5,812,659.81
EWT	1,093,400.44	273,350.11	414,114.18	1,780,864.73

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[3] Par. 2, Summary of Admitted Facts, JSFI, Docket – Vol. I, p. 245.
[4] Par. 4, Summary of Admitted Facts, JSFI, Docket – Vol. I, p. 245; Exhibit "P-3", Docket – Vol. I, pp. 33 to 34; Exhibit "R-20", BIR Records, p. 1.
[5] Par. 5, Summary of Admitted Facts, JSFI, Docket – Vol. I, p. 245; Exhibit "P-4", Docket – Vol. I, pp. 35 to 37; Exhibit "R-21", BIR Records, pp. 358 to 360.
[6] Exhibit "P-5", Docket – Vol. I, pp. 38 to 42.
[7] Exhibits "R-1" to "R-3", BIR Records, pp. 424 to 432.
[8] Exhibits "R-4" to "R-12", BIR Records, pp. 449 to 463.

WTC	1,818,364.82	454,591.21	688,686.99	2,961,643.02
DST	1,221.00	305.25	466.46	1,992.71
Compromise Penalty				1,000.00
Total	**₱16,862,109.88**	**₱4,215,527.47**	**₱6,067,668.09**	**₱27,146,305.44**

On March 29, 2022, petitioner, through its representative Ms. Angela Arañas-Tantay, received a copy of WDL No. RR8A-WDL-2022-02-015.[9]

On April 28, 2022, petitioner filed the present Petition for Review.[10]

On July 15, 2022, respondent posted his Answer (With Affirmative Defenses),[11] alleging, among others, that: (1) the deficiency tax assessments were issued in accordance with applicable laws, rules, regulations, and jurisprudence; (2) resort to substituted service of the PAN and FLD/FAN was warranted under the circumstances; and (3) the assessment against petitioner has both legal and factual bases.

On July 26, 2022, respondent transmitted the BIR Records of the case, consisting of 504 pages in one (1) folder.[12]

The Pre-Trial Conference was held on October 18, 2022.[13] Prior thereto, petitioner filed its Pre-Trial Brief Ad Cautelam on October 13, 2022,[14] while respondent submitted his Pre-Trial Brief on October 14, 2022.[15]

On October 13, 2022, petitioner also filed a Motion for Judgment on the Pleadings,[16] to which respondent filed his Comment/Opposition (To Petitioner's Motion for Judgment on the Pleadings) on October 24, 2022.[17] Petitioner subsequently filed a Motion for Early Resolution (Re: Petitioner's Motion for Judgment on the Pleadings) on January 30, 2023.[18] In a Resolution dated February 8, 2023,[19] the Court denied the Motion for Judgment on the Pleadings for lack of merit. Consequently, the Motion for Early Resolution was declared moot in the Resolution dated March 10, 2023.[20]

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[9] Par. 3, Summary of Admitted Facts, JSFI, Docket – Vol. I, p. 245; Exhibit "P-2", Docket – Vol. I, p. 32.
[10] Docket – Vol. I, pp. 6 to 31.
[11] Docket – Vol. I, pp. 81 to 98.
[12] *Compliance* dated July 25, 2022, Docket – Vol. I, pp. 184 to 185.
[13] Notice of Pre-Trial Conference dated August 2, 2022, Docket – Vol. I, pp. 187 to 188; Minutes of the hearing held on, and Order dated, October 18, 2022, Docket – Vol. I, pp. 230 to 232.
[14] Docket – Vol. I, pp. 190 to 197.
[15] Docket – Vol. I, pp. 217 to 225.
[16] Docket – Vol. I, pp. 199 to 214.
[17] Docket – Vol. I, pp. 268 to 272.
[18] Docket – Vol. I, pp. 278 to 280.
[19] Docket – Vol. I, pp. 293 to 298.
[20] Docket – Vol. I, p. 330.

Meanwhile, on November 17, 2022, the parties filed their Joint Stipulation of Facts and Issues,[21] which the Court admitted and approved in its Resolution dated December 1, 2022,[22] thereby terminating the pre-trial. The corresponding Pre-Trial Order was issued on February 8, 2023.[23]

On February 17, 2023, petitioner filed a Motion for Reconsideration (Re: Resolution dated 08 February 2023),[24] to which respondent, via accredited courier, filed his Comment/Opposition (To Petitioner's Motion for Reconsideration Re: Resolution dated 08 February 2023) on March 7, 2023.[25] In a Resolution dated April 14, 2023,[26] the Court denied petitioner's Motion for Reconsideration for lack of merit.

Trial thereafter ensued, with both parties presenting and offering their respective testimonial and documentary evidence.

The case was deemed submitted for decision on November 12, 2024.[27]

THE ISSUE

As stipulated by the parties, the sole issue for resolution is:

> "Whether the Petitioner is liable for deficiency income tax, value added tax, expanded withholding tax, withholding tax on compensation, documentary stamp tax, and compromise penalty amounting to P16,588,145.17, P5,812,659.81, P1,780,864.73, P2,961,643.02, P1992.71, and P1000.00, respectively, for taxable year 2017."[28]

THE COURT'S RULING

The Court finds the present Petition for Review to be meritorious.

Failure of Respondent to Prove Proper Service of the PAN

Petitioner argues that, under Section II (1) and (2) of Revenue Memorandum Order (RMO) No. 40-2019, service of assessment notices by mail may only be resorted to if personal service is unavailable. It claims that respondent violated this rule when the PAN dated December 7, 2020 was

[21] Docket – Vol. I, pp. 244 to 256.
[22] Docket – Vol. I, pp. 276 to 277.
[23] Docket – Vol. I, pp. 301 to 307.
[24] Docket – Vol. I, pp. 308 to 316.
[25] Docket – Vol. I, pp. 322 to 326.
[26] Docket – Vol. I, pp. 332 to 334.
[27] Minute Resolution dated November 12, 2024, Docket – Vol. II, p. 551.
[28] Statement of Issue, JSFI, Docket – Vol. I, p. 245.

served by mail on December 15, 2020, despite the presence of personnel in its office who could have received the same. Petitioner adds that respondent's witness, Revenue Officer (RO) Valcu Karl Ferrer, admitted that he did not attempt personal service on petitioner's office as he was prevented by the building guard.

Petitioner further contends that, even assuming service by mail was available, there is no proof of its actual receipt of the PAN. It notes that it categorically denied receiving the PAN, as stated in its Petition, thereby shifting the burden of proof to respondent. However, the case records are allegedly devoid of any evidence establishing actual receipt. RO Ferrer himself admitted that the only document evidencing service was an LBC receipt, which neither proves that petitioner received the PAN nor identifies the document enclosed therein. Petitioner likewise points out the absence of any written report under oath from the RO, as required under RMO No. 40-2019 when resorting to service by mail.

Petitioner also maintains that substituted service to the barangay on January 8, 2021 was invalid. Under Section II (2.1.4) of RMO No. 40-2019, substituted service is available only if personal service is not, and requires the RO to bring a barangay official and two (2) disinterested persons to the taxpayer's office to observe and attest to the absence of personnel. In this case, petitioner insists that its offices were manned at the time and that RO Ferrer admitted bringing only two individuals, neither of whom was a barangay official, and that they went only to the building premises, not to petitioner's office. Thus, petitioner contends that the physical observation requirement was not satisfied. Accordingly, it asserts that the PAN was improperly served, whether by mail or through barangay substituted service, rendering the assessment void for violation of due process.

Respondent, on the other hand, maintains that the PAN was validly served in accordance with RMO No. 40-2019. It argues that when no personnel were found at petitioner's registered business address, RO Ferrer was authorized to resort to either service by mail or substituted service. Respondent emphasizes that a copy of the PAN dated December 7, 2020 was sent by mail on December 15, 2020 through LBC Express, Inc., a reputable courier, since petitioner was implementing a work-from-home arrangement.

Respondent further avers that, in an effort to exhaust all possible modes of service, RO Ferrer resorted to substituted service in compliance with Section II (2.1.4) of RMO No. 40-2019. On January 8, 2021, a copy of the PAN was allegedly delivered to Ms. Paz Ortega, staff of Barangay Bel-Air, in the presence of two (2) disinterested witnesses, Annelyn Manero and Myra Bulan. Respondent cites the Acknowledgment of Receipt portion of the PAN (Exhibit "R-13"), signed by Ms. Ortega, as proof of compliance. Respondent thus submits that receipt of the PAN by the barangay staff constitutes constructive service on petitioner and should be deemed valid.

The Court disagrees with respondent.

Section 228 of the National Internal Revenue Code (NIRC) of 1997, as amended, provides:

> "Section 228. *Protesting of Assessment.* – When the Commissioner or his duly authorized representative finds that proper taxes should be assessed, he shall first notify the taxpayer of his findings: xxx
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> ...
>
> **The taxpayer shall be informed in writing of the law and the facts on which the assessment is made; otherwise, the assessment shall be void.**
>
> Within a period to be prescribed by implementing rules and regulations, the taxpayer shall be required to respond to said notice. If the taxpayer fails to respond, the Commissioner or his duly authorized representative shall issue an assessment based on his findings.
>
> Such assessment may be protested administratively by filing a request for reconsideration or reinvestigation within thirty (30) days from receipt of the assessment in such form and manner as may be prescribed by implementing rules and regulations. Within sixty (60) days from filing of the protest, all relevant supporting documents shall have been submitted; otherwise, the assessment shall become final." *(Emphasis added)*

From the foregoing, it is clear that the taxpayer must be informed in writing of the factual and legal bases of the assessment. Otherwise, the assessment is void.[29] This requirement is mandatory and cannot be presumed. As a due process safeguard, it ensures that the taxpayer can intelligently respond and meaningfully protest the assessment The law does not impose a mere formality but a substantive obligation on the part of the taxing authority.[30] Indeed, non-compliance with Section 228 does not admit of any curative provision in the Tax Code.[31]

Corollary thereto, Section 3.1.7 (formerly Section 3.1.6) of Revenue Regulations (RR) No. 12-99,[32] as amended by RR No. 18-2013,[33] and

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[29] *Commissioner of Internal Revenue vs. Avon Products Manufacturing, Inc., et seq.*, G.R. Nos. 201398-99 and 201418-19, October 3, 2018.
[30] *Commissioner of Internal Revenue vs. Unioil Corporation*, G.R. No. 204405, August 4, 2021.
[31] *Id.*, citing *Commissioner of Internal Revenue vs. Reyes*, 516 Phil. 176, 191 (2006).
[32] SUBJECT: Implementing the Provisions of the National Internal Revenue Code of 1997 Governing the Rules on Assessment of National Internal Revenue Taxes, Civil Penalties and Interest and the Extra-Judicial Settlement of a Taxpayer's Criminal Violation of the Code Through Payment of a Suggested Compromise Penalty.
[33] SUBJECT: Amending Certain Sections of Revenue Regulations No. 12-99 Relative to the Due Process Requirement in the Issuance of a Deficiency Tax Assessment.

renumbered by RR No. 7-2018,[34] explicitly prescribes the permissible modes of service of the PAN, FLD/FAN, and FDDA, as follows:

"SECTION 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:

...

3.1.7[35] ***Modes of Service.*** – **The notice (PAN/FLD/FAN/**FDDA**) to the taxpayer herein required may be served by the Commissioner or his duly authorized representative through the following modes:**

(i) **<u>The notice shall be served through personal service</u> by delivering personally a copy thereof to the party at his registered or known address or wherever he may be found.** A *known address* shall mean a place other than the registered address where business activities of the party are conducted or his place of residence.

<u>In case personal service is not practicable, the notice shall be served by substituted service or by mail</u>.

(ii) **<u>Substituted service can be resorted to when the party is not present</u> at the registered or known address under the following circumstances:**

The notice may be left at the party's registered address, with his clerk or with a person having charge thereof.

If the known address is a place where business activities of the party are conducted, the notice may be left with his clerk or with a person having charge thereof.

If the known address is the place of residence, substituted service can be made by leaving the copy with a person of legal age residing therein.

<u>If no person is found in the party's registered or known address, the revenue officers concerned shall bring a barangay official and two (2) disinterested witnesses to the address so that they may personally observe and attest to such absence. The notice shall then be given to said barangay official. Such facts</u>

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[34] SUBJECT: Amending Certain Sections of Revenue Regulations No. 12-99, as Amended by Revenue Regulations No. 18-13, Relative to the Due Process Requirement in the Issuance of a Deficiency Tax Assessment.

[35] Formerly Section 3.1.6 under RR No. 18-2013 but was renumbered to Section 3.1.7 pursuant to Section 2 of RR No. 7-2018. However, under RMO No. 40-2019, the said section was still referred to as Section 3.1.6.

<u>**shall be contained in the bottom portion of the notice, as well as the names, official position and signatures of the witnesses**</u>.

Should the party be found at his registered or known address or any other place but refuse to receive the notice, the revenue officers concerned shall bring a barangay official and two (2) disinterested witnesses in the presence of the party so that they may personally observe and attest to such act of refusal. The notice shall then be given to said barangay official. Such facts shall be contained in the bottom portion of the notice, as well as the names, official position and signatures of the witnesses.

'*Disinterested witnesses*' refers to persons of legal age other than employees of the Bureau of Internal Revenue.

(iii) Service by mail is done by sending a copy of the notice by registered mail to the registered or known address of the party with instruction to the Postmaster to return the mail to the sender after ten (10) days, if undelivered. **A copy of the notice may also be sent through reputable professional courier service.** If no registry or reputable professional courier service is available in the locality of the addressee, service may be done by ordinary mail.

The server shall accomplish the bottom portion of the notice. He shall also make a written report under oath before a Notary Public or any person authorized to administer oath under Section 14 of the NIRC, as amended, setting forth the manner, place and date of service, the name of the person/barangay official/**professional courier service company who received the same and such other relevant information.** The registry receipt issued by the post office or **the official receipt issued by the professional courier company containing sufficiently identifiable details of the transaction shall constitute sufficient proof of mailing and shall be attached to the case docket.**" *(Emphases and underscoring added)*

Relative thereto, RMO No. 40-2019 dated May 30, 2019,[36] further prescribes the procedures for the proper service of assessment notices. It provides, among others:

"**II. Guidelines and Procedures**

1. **The assessment notice shall be served to the taxpayer through <u>personal service</u>** by delivering personally a copy of

[36] SUBJECT: Prescribing the Procedures for the Proper Service of Assessment Notices in Accordance with the Provisions of Section 3.1.6 of Revenue Regulations (RR) No. 18-2013.

the assessment notice at his registered or known address or wherever he may be found. A known address shall mean a place other than the registered address where business activities of the party are conducted or his place of residence.

2. **In case personal service is <u>not possible</u>, the assessment notice shall be served either by substituted service or by mail. However, substituted service can only be resorted to when the party is not present at the registered or known address.**

2.1 Substituted service shall be done as follows:

2.1.1 The assessment notice may be left at the party's registered address, with his clerk or with a person having charge thereof.

2.1.2 If the known address is a place where business activities of the party are conducted, the notice may be left with his clerk or with a person having charge thereof.

2.1.3 If the known address is the place of residence, substituted service can be made by leaving the copy with a person of legal age residing therein.

2.1.4 **<u>If no person is found in the party's registered or known address, the Revenue Officers (ROs) concerned shall bring a barangay official and two (2) disinterested witnesses to the address so that they may personally observe and attest to such absence. The assessment notice shall be given to said barangay official. Such facts shall be contained in the bottom portion of the assessment notice, as well as the names, official positions and signatures of the witnesses.</u>**

2.1.5 Should the party be found at his registered or known address or any other place but refuses to receive the assessment notice, the ROs concerned shall bring a barangay official and two (2) disinterested witnesses in the presence of the party so that they may personally observe and attest to such act of refusal. The assessment notice shall be given to said barangay official. Such facts shall be contained in the bottom portion of the assessment notice, as well as the names, official positions and signatures of the witnesses.

'Disinterested witnesses' refers to persons of legal age other than employees of the Bureau of Internal Revenue.

2.2 **Service by mail shall be done by sending a copy of the assessment notice through** —

2.2.1 Registered mail with an instruction to the Postmaster to return the mail to the sender after ten (10) days, if undelivered; or

2.2.2 **Reputable professional courier service**; or

2.2.3 Ordinary mail, if no registry or reputable courier is available in the locality of the taxpayer.

. . .

4. **For assessment notices that are served to the taxpayer through personal or substituted service, the following statement shall be indicated at the lower portion of the notice:**

ACKNOWLEDGEMENT OF RECEIPT

(To be accomplished by recipient)

____
Date of Receipt

____________________ Printed Name, with Position/Designation/ Relationship if Made on Behalf of the Taxpayer Named in the Assessment Notice	____________________ Signature of Person Acknowledging Receipt
____________________ Printed Name and Position of Barangay Official	____________________ Signature of Barangay Official
____________________ Signature Over Printed Name of Witness	____________________ Signature Over Printed Name of Witness

(To be accomplished by the server)

Please check: ☐ No person found in the taxpayer's registered or known address
☐ Party refused to receive the assessment notice

I hereby certify that the original copy of this (PAN/FLD/FAN/FDDA) was duly served by me, same having been received by __________________ on the date mentioned above.

____
Signature Over Printed Name of the Revenue Officer Who Served the Assessment Notice

5. Personal or substituted service of assessment notice shall be effected by the RO assigned to the case. However, such service may also be made by any BIR employee duly authorized for the purpose.

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6. **In compliance with Section 3.1.6 (iii) of Revenue Regulations No. 18-2013, the server shall prepare the following written reports in triplicate copies, which shall be under oath before a Notary Public or any person authorized to administer oath under Section 14 of the NIRC, as amended, setting forth the manner, place and date of service, the name of the person/barangay official/professional courier service company who received the same and such other relevant information.**

   6.1 **Report on Personal/Substituted Service** (Annex A)

   6.2 **Report on Service by Mail/Courier** (Annex B)

   . . .

7. **The following documents as proof of service, shall be provided by the server to the Assessment Division or Reviewing Office as attachment to the docket of the case:**

   7.1 **Duplicate copy of the assessment notice duly received by the taxpayer/authorized representative or person mentioned under item no. 2.1 hereof, in case of substituted service;**

   7.2 Registry receipt issued by the Philippine Postal Corporation (PhilPost), or the **official receipt issued by the professional courier company (PCC)**;

   7.3 Registry return card or proof of delivery if mailed through the PhilPost, or **proof of delivery if mailed thru PCC**;

   7.4 **In case of unclaimed notices, the unclaimed envelope containing the assessment notice** and notice given by the postmaster to the addressee duly certified by the postmaster, or **certification from the PCC stating the detailed circumstances/reason(s)**; and

   7.5 Any other pertinent document executed with the intervention of the PhilPost/PCC company." *(Emphases and underscoring added)*

To summarize, the assessment notices, *i.e.*, the PAN, FLD/FAN, and FDDA, may be served through the following modes: (1) primarily, by personal service, which requires the delivery of a copy of the notice to the taxpayer or its authorized representative at its registered or known address, or wherever the taxpayer may be found; and, only if personal service is not practicable, (2) by substituted service, or (3) by mail.

Substituted service may be availed of only in the following circumstances: (1) when the taxpayer is not present at the registered or known address; (2) if no person is found therein; or (3) when the taxpayer, though present, refuses to receive the notice. If the taxpayer is not present, the notice may be left at the registered or known address with its clerk or any person in charge thereof. If no person is found, or if the taxpayer refuses to receive the notice, the revenue officer must bring a barangay official and two (2) disinterested witnesses to the address, so that they may personally observe and attest to such absence or refusal. These facts, together with the names, official positions, and signatures of the witnesses, must be indicated at the bottom portion of the notice. In such cases, the notice shall then be given to the barangay official.

On the other hand, service by mail may be effected through a reputable professional courier service. In such event, the revenue officer must accomplish the bottom portion of the notice and execute a written report under oath before a notary public or other authorized officer, stating the manner, place, and date of service, the name of the courier service, and other relevant details. The official receipt issued by the courier company, containing sufficiently identifiable details of the transaction, shall constitute sufficient proof of mailing and must be attached to the case docket.

Applying the foregoing rules, the Court finds that respondent failed to comply with the prescribed procedures in effecting service of the PAN.

At the outset, respondent did not establish that personal service was impracticable or impossible under the circumstances, so as to justify resort to either substituted service or service by mail.

In this case, respondent's witness, RO Ferrer, testified on the reasons he resorted to service by mail and, subsequently, to substituted service of the PAN, as follows:

> "**23.** **Q:** Do you know if the PAN with Details of Discrepancies ('PAN' for brevity) was served to the petitioner?
>
> **A:** Yes, Ma'am. **On December 15, 2020, I served to petitioner a copy of the PAN dated December 7, 2020 by mail, through LBC Express, Inc., a reputable professional courier service, after I was told by the security guard of the building where petitioner is holding its office that there was no person to receive the PAN on behalf of petitioner**. Said copy was placed in an envelope and was plainly addressed to the registered business address of petitioner (3/F Trafalgar Bldg., HV Dela Costa, Salcedo Village Makati City).
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> ...
>
> **27.** **Q:** What happened next, if any?

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> A: **I still tried to personally serve the PAN to petitioner's representative, but to no avail. I was told that the taxpayer has not resumed operations in its registered business address. Instead, the petitioner was operating in an alternative work arrangement (work from home), thus, the non-availability of authorized representative to personally receive the PAN. Hence, I was constrained to also resort to substituted service of the PAN to petitioner by giving the original copy thereof to Paz Ortega, barangay staff of Barangay Bel-Air, on January 8, 2021, as witnessed by Annelyn Manero and Myra Bulan, who are both disinterested witnesses.**"[37] *(Emphases added)*

In contrast, petitioner maintains that personnel were present in its offices who could have received the PAN. This was corroborated by the testimony of its witness, Mr. Josef A. Tupas, as follows:

> "10. Q: You mentioned that you reported for office work on 15 December 2020, 8 January 2021 and 5 February 2021, what time did you report for office work, on those days, if you recall?
>
> A: Based on my recollection and the said DTR, my schedule for office work, on those days, is the general business hours of 9:00AM to 6:00 PM.
>
> ...
>
> 13. On 15 December 2020, 8 January 2021 and 5 February 2021, who was the BIR officer that served documents to Sabre, in relation to this case, if any?
>
> A: Based on my recollection, there was no BIR officer who went to Sabre's offices to serve documents, on said dates.
>
> 14. Q: On 15 December 2020, 8 January 2021 and 5 February 2021, who was the Barangay official that inspected Sabre's offices, in relation to this case, if any?
>
> A: Based on my recollection, there was no Barangay official who went to Sabre's offices on said dates.
>
> 15. Q: Also, on the aforementioned dates, what BIR documents did Sabre receive, in relation to this case, if any?
>
> A: We did not receive any BIR document on said dates."[38]

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[37] Q&A Nos. 23 and 27, Exhibit "R-22", Docket – Vol. I, pp. 139 to 140.
[38] Q&A Nos. 10 and 13 to 15, Exhibit "P-8", Docket – Vol. I, pp. 263 to 264.

In support of the foregoing testimony, petitioner presented its List of Approved Daily Time Record (DTR) Applications[39] showing that Mr. Tupas had approved DTR Applications for work performed on December 15, 2020 and January 8, 2021—the very dates when RO Ferrer purportedly went to petitioner's office to serve the PAN. However, the said List does not clearly establish whether Mr. Tupas actually reported for work in the office on those dates or was on official business, considering that the DTR Type indicated therein is "WORK FROM OFFICE / OFFICIAL BUSINESS."

Be that as it may, the Court finds that respondent's reliance solely on the statement of the security guard—that no personnel were available to receive the PAN or that petitioner had not resumed office operations and was on a work-from-home arrangement—without undertaking reasonable verification, is insufficient to establish that personal service was not practicable or possible under the circumstances. In fact, RO Ferrer himself admitted that he merely assumed that petitioner instructed the guard not to allow anyone to enter its office, to wit:

> "JUSTICE MODESTO-SAN PEDRO:
> Clarificatory. Did you not find out from the barangay the current address of the petitioner?
>
> RO FERRER:
> A. The current address is the same.
>
> JUSTICE MODESTO-SAN PEDRO:
> But there's no one to receive.
>
> RO FERRER:
> A. **The guard does not want us to enter the premises.**
>
> JUSTICE MODESTO-SAN PEDRO:
> **So, you effected to substituted service not because the petitioner could not be found there but because you were not allowed to serve the documents personally.**
>
> RO FERRER:
>
> A. Yes, Your Honor. **I assume the guard has instruction also.**"[40] *(Emphases added)*

In any event, even granting for the sake of argument that service by mail or substituted service may be availed of, respondent nevertheless failed to comply with the prescribed procedures for their proper implementation.

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[39] Exhibit "P-6", Docket – Vol. I, pp. 43 to 50.
[40] Transcript of Stenographic Notes (TSN) dated January 18, 2024, p. 10.

1. Service by mail

In *Commissioner of Internal Revenue vs. GJM Philippines Manufacturing, Inc.*,[41] the Supreme Court held:

> "**If the taxpayer denies having received an assessment from the BIR, it then becomes incumbent upon the latter to prove by competent evidence that such notice was indeed received by the addressee**. Here, the *onus probandi* has shifted to the BIR to show by contrary evidence that GJM indeed received the assessment in the due course of mail. **It has been settled that while a mailed letter is deemed received by the addressee in the course of mail, this is merely a disputable presumption subject to controversion, the direct denial of which shifts the burden to the sender to prove that the mailed letter was, in fact, received by the addressee**.
>
> To prove the fact of mailing, it is essential to present the registry receipt issued by the Bureau of Posts or the Registry return card which would have been signed by the taxpayer or its authorized representative. And if said documents could not be located, the CIR should have, at the very least, submitted to the Court a certification issued by the Bureau of Posts and any other pertinent document executed with its intervention. **The Court does not put much credence to the self-serving documentations made by the BIR personnel, especially if they are unsupported by substantial evidence establishing the fact of mailing. While it is true that an assessment is made when the notice is sent within the prescribed period, the release, mailing, or sending of the same must still be clearly and satisfactorily proved. Mere notations made without the taxpayer's intervention, notice or control, and without adequate supporting evidence cannot suffice. Otherwise, the defenseless taxpayer would be unreasonably placed at the mercy of the revenue offices.**" *(Emphases and underscoring added)*

Thus, if the taxpayer denies having received an assessment from the BIR, it becomes incumbent upon the latter to prove, by competent evidence, that such notice was in fact received by the addressee. While it is true that an assessment is deemed made when the notice is sent within the prescribed period, the release, mailing, or sending of the same must nevertheless be clearly and satisfactorily established. In this case, petitioner categorically denies receipt of the PAN.[42] Hence, the burden of proving actual receipt rests upon respondent.

To prove that the PAN was served upon petitioner through a professional courier service, respondent merely presented LBC Official Receipt No. 1270-1247-5558.[43]

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[41] G.R. No. 202695, February 29, 2016.
[42] Q&A No. 37, Exhibit "P-7", Docket – Vol. I, p. 360; Q&A Nos. 13, 15 and 18, Exhibit "P-8", Docket – Vol. I, pp. 263 to 265.
[43] Exhibit "R-15", BIR Records, p. 416.

However, aside from the said official receipt, Section 3.1.7 of RR No. 12-99, as amended by RR Nos. 18-2013 and 7-2018, expressly requires that: *"The server shall accomplish the bottom portion of the notice. He shall also make a written report under oath before a Notary Public or any person authorized to administer oath under Section 14 of the NIRC, as amended, setting forth the manner, place and date of service, the name of the person/barangay official/professional courier service company who received the same, and such other relevant information."*

In this case, while the PAN bears an "Acknowledgment of Receipt," the same refers only to its substituted service.[44] Thus, the server never accomplished the bottom portion of the notice. Neither was the required written report under oath (Annex "B" of RMO No. 40-2019), which should state the manner, place, and date of service and the name of the professional courier company, presented in evidence.

Although the official receipt of the courier company, LBC Express, Inc., was attached to the case docket, the same does not contain sufficiently identifiable details of the transaction as required under the above provisions. In particular, the receipt does not specifically indicate the document sent to petitioner; it merely states, "Said to Contain: DOCS ONLY."[45] To the Court's mind, such general description could refer to any document other than the PAN.

Further, respondent failed to comply with paragraph II, subparagraphs 7.3 and 7.4 of RMO No. 40-2019, which require, in cases of delivery through a professional courier company, proof of delivery to be attached to the docket of the case, or in cases of unclaimed notices, the unclaimed envelope containing the assessment notice together with a certification from the courier company stating in detail the circumstances or reasons for non-delivery. No such certification or other document from LBC Express, Inc. was ever presented.

From the foregoing, it is evident that respondent failed to clearly and satisfactorily prove the release, mailing, or sending of the PAN to petitioner.

2. Substituted service

Respondent, however, claims that the PAN was validly served upon petitioner through substituted service.

To reiterate, under RR No. 12-99, as amended by RR Nos. 18-2013 and 7-2018, substituted service may be resorted to only under specific conditions: "*[i]f no person is found in the party's registered or known address, the revenue officers*

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[44] Exhibit "R-13", BIR Records, p. 423.
[45] Exhibit "R-15", BIR Records, p. 416.

concerned shall bring a barangay official and two (2) disinterested witnesses to the address so that they may personally observe and attest to such absence. The notice shall then be given to said barangay official. Such facts shall be contained in the bottom portion of the notice, as well as the names, official position and signatures of the witnesses."

In the present case, respondent's witness, RO Ferrer, testified that he was constrained to resort to substituted service of the PAN by delivering its original copy to Paz Ortega, a staff of Barangay Bel-Air, on January 8, 2021, in the presence of Annelyn Manero and Myra Bulan, both alleged disinterested witnesses.[46] He further testified as follows:

> "29. Q: What is your proof that the PAN was served to petitioner by substituted service?
>
> A: The Acknowledgment of Receipt attached to the PAN would show the names and respective signatures of Barangay staff Paz Ortega, and of the two disinterested witnesses, Annelyn Manero and Myra Bulan. Further, I prepared a written report on substituted service of the PAN stating the details of such service."[47]

Upon examination of the Acknowledgment of Receipt dated January 8, 2021[48] attached to the PAN, it appears that the same was served on Paz Ortega, with the entry "Position of Barangay Official" filled out as "Staff," and witnessed by Annelyn N. Manero and Myra C. Bulan.

However, as correctly pointed out by petitioner, Paz Ortega, who received the PAN, was not a barangay official as required under RR No. 12-99, as amended, and RMO No. 40-2019, but merely a barangay staff—an individual not among those enumerated as barangay officials under Section 387[49] of Republic Act No. 7160, or the Local Government Code of 1991.

Even assuming that Paz Ortega could be regarded as a barangay official, both RR No. 12-99, as amended, and RMO No. 40-2019 mandate that the concerned revenue officers must bring a barangay official and two (2) disinterested witnesses to the taxpayer's address so that they may personally observe and attest to the taxpayer's absence. Respondent, however, failed to comply with this requirement. As candidly admitted by respondent's witness,

[46] Q&A No. 27, Exhibit "R-22", Docket – Vol. I, p. 140.
[47] Q&A No. 29, Exhibit "R-22", Docket – Vol. I, p. 140.
[48] Exhibit "R-13", BIR Records, p. 423.
[49] "*SEC. 387. Chief Officials and Offices.* —
(a) There shall be in each barangay a punong barangay, seven (7) sangguniang barangay members, the sangguniang kabataan chairman, a barangay secretary, and a barangay treasurer.
(b) There shall also be in every barangay a lupong tagapamayapa. The sangguniang barangay may form community brigades and create such other positions or offices as may be deemed necessary to carry out the purposes of the barangay government in accordance with the needs of public service, subject to the budgetary limitations on personal services prescribed under Title Five, Book II of this Code."

RO Ferrer, he was able to bring only two witnesses, but no barangay official, to petitioner's address, to wit:

"ATTY. VICENTE:
Q. Thank you, Mr. Witness. Now, going to paragraphs 27 to 31 of your Judicial Affidavit, you mentioned that you served the Preliminary Assessment Notice also through barangay substituted service. For clarity and to emphasize your method of how you conducted the said service, as per your Judicial Affidavit, you tried to personally serve the PAN, however, you were informed that supposedly there were no individuals in Sabre's Offices that could receive the same, is this correct?

RO FERRER:
A. Yes, Attorney.

ATTY. VICENTE:
Q. Thank you. Thereafter, you subsequently went to the barangay and gave an original copy of the Preliminary Assessment Notice to the barangay staff as witnessed by two individuals as stated in your Judicial Affidavit. Now, is this a fair summary of how you conducted this barangay substituted service?

RO FERRER:
A. Yes, Attorney.

xxx xxx xxx

ATTY. TUICO:
Q. Mr. Witness, when you said you personally served the PAN to the petitioner's registered business, who was with you at that time?

RO FERRER:
A. I am with two persons, Analyn Romero and Myla Gulan

ATTY. TUICO:
Q. So, these two persons witnessed the absence of the petitioner during the time you served the PAN and the FAN?

RO FERRER:
A. We were not allowed to enter the building.

ATTY. TUICO:
Q. And you were with these two persons when you tried to serve the PAN and FAN?

RO FERRER:
A. Yes.
...

ATTY. VICENTE:
Q. To clarify M[r]. Witness, when you went to the premises or the building of Sabre, you were only accompanied by these two individuals.

RO FERRER:
A. Yes, Attorney."[50]

From the foregoing testimony, it is evident that respondent failed to *"bring a barangay official and two (2) disinterested witnesses to the address so that they may personally observe and attest to such absence,"* in violation of the clear requirements of RR No. 12-99, as amended, and RMO No. 40-2019.

Moreover, the Written Report on Personal Service or Substituted Service (WRPSSS) of the PAN, executed under oath by RO Ferrer on January 12, 2021[51] states that the PAN was received by Paz Ortega, Staff of Barangay Bel-Air. However, Part F of the report, which requires the server to state the "DETAILS OF SPECIFIC REASON WHY PERSONAL SERVICE COULD NOT BE DONE," was left unaccomplished. This omission constitutes non-compliance with RR No. 12-99, as amended, and RMO No. 40-2019, which explicitly mandate that the server "make a written report under oath ... setting forth the manner, place and date of service, the name of the person/barangay official/professional courier service company who received the same, and such other relevant information." The failure to state the specific reason why personal service could not be effected casts serious doubt on the validity of respondent's resort to substituted service.

From all the foregoing, it is clear that respondent failed to prove strict compliance with the requirements of substituted service of the PAN. To emphasize, when no person is found in the taxpayer's registered or known address, the BIR may only resort to substituted service by bringing a barangay official and two (2) disinterested witnesses to the premises so they may personally observe and attest to such absence. Strict compliance with these requirements is indispensable in safeguarding the taxpayer's right to due process.[52]

The sending and actual receipt of the PAN form part of the due process requirement in the issuance of a deficiency tax assessment, which the BIR must strictly observe. The importance of this preliminary stage in the assessment process cannot be overstated, for it provides both the taxpayer and the BIR an opportunity to settle the matter at the earliest possible stage, thereby obviating the need for the issuance of a FAN.[53] In the oft-cited case of *Commissioner of*

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[50] TSN dated January 18, 2024, pp. 6 to 7 and 9.
[51] Exhibit "R-14", BIR Records, pp. 419 to 420.
[52] *Commissioner of Internal Revenue vs. South Entertainment Gallery, Inc.*, G.R. No. 223767, April 24, 2023.
[53] *Mannasoft Technology Corporation vs. Commissioner of Internal Revenue*, G.R. No. 244202, July 10, 2023.

Internal Revenue vs. Metro Star Superama, Inc.,[54] the Supreme Court underscored the substantive—rather than merely formal—nature of the PAN requirement, thus:

> "**Indeed, Section 228 of the Tax Code clearly requires that the taxpayer must first be informed that he is liable for deficiency taxes through the sending of a PAN. He must be informed of the facts and the law upon which the assessment is made. 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.**
>
> ...
>
> **From the provision quoted above, it is clear that the sending of a PAN to a taxpayer to inform him of the assessment made is but part of the 'due process requirement in the issuance of a deficiency tax assessment,' the absence of which renders nugatory any assessment made by the tax authorities. The use of the word '*shall*' in subsection 3.1.2 describes the mandatory nature of the service of a PAN**. The persuasiveness of the right to due process reaches both substantial and procedural rights and the **failure of the CIR to strictly comply with the requirements laid by law and its own rules is a denial of Metro Star's right to due process.** Thus, for its failure to send the PAN stating the facts and the law on which the assessment was made as required by Section 228 of R.A. No. 8424, the assessment made by the CIR is void." *(Emphases added)*

Considering respondent's failure to observe the requirements necessary to validly effect substituted service of the subject PAN, the resulting deficiency tax assessments are null and void for having been issued in violation of petitioner's right to due process.

In any case, the Court finds yet another ground to declare the subject deficiency tax assessments void.

FLD/FAN Improperly Served; Deficiency Assessments Void

Petitioner contends that, even assuming that the PAN was validly served, the FLD/FAN was nevertheless improperly served, thereby invalidating the entire tax assessment. Petitioner maintains that when the FLD/FAN was served to the barangay on February 5, 2021, personnel were present in its offices who could have received the same. It cites its Daily Time

[54] G.R. No. 185371, December 8, 2010.

Records (DTRs), showing that on said date its Finance Officer, Ms. Angela Arañas-Tantay, as well as its Support and Operations staff, Mr. Tipon and Mr. Tupas, were in attendance.

Respondent, on the other hand, asserts that RO Ferrer was constrained to resort to substituted service of the FLD/FAN as no person was found in petitioner's registered business address at the time of service. It emphasizes that the service was effected during the height of COVID-19 cases in Metro Manila. While petitioner insists that employees were present in its office premises, respondent argues that petitioner failed to provide sufficient and convincing evidence to substantiate this claim.

The Court agrees with petitioner that the FLD/FAN was likewise improperly served.

Similar to the PAN, respondent likewise failed to establish that personal service of the FLD/FAN was not practicable or possible so as to justify resort to substituted service.

In this case, respondent's witness, RO Ferrer, explained his resort to substituted service of the FLD/FAN, as follows:

> "**37.** **Q:** Do you know if the FLD/FAN with Details of Discrepancies and Assessment Notices were served to the petitioner?
>
> **A:** Yes. Just like the PAN, I also served the FLD/FAN to petitioner by way of substituted service on February 5, 2021, in accordance with Revenue Memorandum Order No. 40-2019. Specifically, **I gave the original copy of the FLD/FAN to Ms. Araceli M. Canlas, Asst. Barangay Secretary of Barangay Bel-Air Makati, in the presence of Annelyn Manero and Myra Bulan in view of the absence of any person to receive the FLD/FAN on behalf of petitioner in its registered business address. At the time of service of the FLD/FAN, I was likewise told that there was no representative from petitioner who can receive the FLD/FAN on its behalf. Hence, I was constrained to resort to substituted service of the FLD/FAN**."[55] *(Emphasis added)*

However, as earlier noted, petitioner's witness, Mr. Tupas, testified that he was likewise present in the office on February 5, 2021, when the FLD/FAN was supposedly served, but no BIR officer or barangay official went to

[55] Q&A No. 37, Exhibit "R-22", Docket – Vol. I, pp. 142 to 143.

petitioner's office.[56] In addition, petitioner's Finance Officer, Ms. Angela Arañas-Tantay, also testified that she was in the office on the same date, yet petitioner did not receive any assessment notice nor was there any message from the guard or building administration staff regarding such notice, to wit:

"47. Q: For the record, who were present at Sabre's offices on 5 February 2021, as per the DTR?
(Amendment)
A: They are myself, Mr. Jason Tipon and Mr. Josef Tupas.
(Amendment)

48. Q: You mentioned that you were present at Sabre's offices on 5 February 2021, what assessment notice did you receive in relation to this case, if any?
(Amendment)
A: None.
(Amendment)

49. Q As per the DTR, only a few of Sabre employees are present at Sabre's offices during that time, why is that if you know?
(Amendment)
A: Sabre was under a Hybrid-Work-Scheme during the time.
(Amendment)

50. Q: You mentioned that Sabre was under a Hybrid-Work-Scheme as seen in the DTR, what does this mean, if you know?
(Amendment)
A: It means that some employees report for office work while some work from home, due to COVID restrictions at the time, ensuring that Sabre's offices are manned during official business hours.
(Amendment)

51. Q: Again, you mentioned that Sabre was under a Hybrid-Work-Scheme, as reflected in the DTR, due to COVID restrictions, regarding BIR or other official notices, what is Sabre's procedure as to the receipt thereof under this Hybrid-Work-Scheme, if you know?
(Amendment)

A: Essentially, the guard or staff of the building administration contacts Sabre's offices through phone call or text message, to inform them of any official notices it has to receive. After informing Sabre, Sabre's on-site personnel would retrieve the said notice at the ground floor of the building or at the building's entrance.
(Amendment)

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[56] Q&A Nos. 10 and 13 to 15, Exhibit "P-8", Docket – Vol. I, pp. 263 to 264.

52. Q: You mentioned that the guard or staff of the building admin[is]tration where Sabre holds office would inform Sabre of any official notice to be served to it, to your knowledge, what message did Sabre receive from the guard or staff of the building administration in relation to the subject assessment notices, if any?
(Amendment)

A: Sabre received none.
(Amendment)" [57]

However, as earlier observed by this Court, the List of Approved DTR Applications[58] is unclear if the employee reported for work in the office on the dates indicated therein or was on official business since the DTR Type indicated therein is "WORK FROM OFFICE / OFFICIAL BUSINESS."

Nevertheless, as in the case of the PAN, the Court finds that respondent's mere reliance on the unverified statement that "there was no representative from petitioner who can receive the FLD/FAN on its behalf," without physically inspecting petitioner's office or requesting the building's reception or security guard to call petitioner's office, falls short of proving that personal service was not practicable or possible under the circumstances. Otherwise, the taxpayer would be left defenseless and at the mercy of the revenue officer.

Even assuming that substituted service was available, RR No. 12-99, as amended, and RMO No. 40-2019 expressly require that the concerned ROs bring a barangay official and two (2) disinterested witnesses to the address so that they may personally observe and attest to such absence. Respondent, however, failed to comply. As admitted by respondent's witness, RO Ferrer, he was only able to bring two (2) disinterested witnesses when he attempted to serve the FAN, but not the required barangay official,[59] in clear violation of respondent's own rules.

It bears emphasizing that tax assessments issued in violation of a taxpayer's right to due process are null and void.[60] Consequently, in view of the violation of petitioner's right to due process under Section 228 of the NIRC of 1997, and RR No. 12-99, as amended by RR Nos. 18-2013 and 7-2018, the subject PAN and FLD/FAN are void.

Settled is the rule that a void assessment produces no legal effect. Consequently, the government is barred from collecting any tax liability arising therefrom. Thus, when an assessment is void, any Warrant of Distraint and/or

[57] Q&A Nos. 47 to 52, Exhibit "P-7", Docket – Vol. I, pp. 362 to 363.
[58] Exhibit "P-6", Docket – Vol. I, pp. 43 to 50.
[59] TSN dated January 18, 2024, p. 9.
[60] *Commissioner of Internal Revenue vs. Avon Products Manufacturing, Inc., et seq.*, supra.

Levy (WDL) issued pursuant thereto is likewise void and unenforceable. As the Supreme Court explained in *Commissioner of Internal Revenue vs. Pilipinas Shell Petroleum Corporation, et seq.*,[61] viz.:

> "In the normal course of tax administration and enforcement, **the BIR must first make an assessment then enforce the collection of the amount so assessed. 'An assessment is not an action or proceeding for the collection of taxes.** x x x **It a step preliminary, but essential to warrant distraint, if still feasible, and, also, to establish a cause for judicial action.' The BIR may summarily enforce collection only when it has accorded the taxpayer administrative due process, which vitally includes the issuance of a valid assessment.** A valid assessment sufficiently informs the taxpayer in writing of the legal and factual bases of the said assessment, thereby allowing the taxpayer to effectively protest the assessment and adduce supporting evidence in its behalf.
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> In *Commissioner of Internal Revenue v. Reyes (Reyes Case)*, the petitioner issued an assessment notice and a demand letter for alleged deficiency estate tax against the taxpayer estate. The assessment notice and demand letter simply notified the taxpayer estate of petitioner's findings, without stating the factual and legal bases for said assessment. **The Court, absent a valid assessment, refused to accord validity and effect to petitioner's collection efforts – which involved, among other things, the successive issuances of a collection letter, a final notice before seizure, and a warrant of distraint and/or levy against the taxpayer estate.** xxx
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> . . .
>
> **Absent a previously issued assessment** supporting the 1998 and 2002 Collection Letters, it is clear that petitioner's attempts to collect through said collection letters as well as the **subsequent Warrants of Garnishment and Distraint and/or Levy are void and ineffectual. If an invalid assessment bears no valid fruit, with more reason will no such fruit arise if there was no assessment in the first place.**" *(Emphases added)*

Being void, the subject deficiency tax assessments bear no valid fruit.[62] Accordingly, respondent's WDL No. RR8A-WDL-2022-01-015 cannot be given any effect.

In fine, respondent failed to comply with the requirements for valid service by mail of the PAN and substituted service of both the PAN and the FLD/FAN. As a result, petitioner was denied due process in the issuance of the said notices, thereby rendering the deficiency tax assessments, as well as the subsequently issued WDL, void.

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[61] G.R. Nos. 197945 and 204119-20, July 9, 2018.

[62] Refer to *Commissioner of Internal Revenue vs. Liquigaz Philippines Corporation, et seq.*, G.R. Nos. 215534 and 215557, April 18, 2016.

ACCORDINGLY, premises considered, the Petition for Review is **GRANTED**.

The FLD/Assessment Notices and WDL No. RR8A-WDL-2022-01-015, in the aggregate amount of ₱27,146,305.44 issued against petitioner for alleged deficiency taxes for taxable year 2017, are **CANCELLED** and **SET ASIDE**.

SO ORDERED.

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

WE CONCUR:

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

CORAZON G. FERRER-FLORES
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.

MA. BELEN M. RINGPIS-LIBAN
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.

Ma. Belen

MA. BELEN M. RINGPIS-LIBAN
Acting Presiding Justice