REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

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COMMISSIONER OF INTERNAL REVENUE, Petitioner,	**CTA EB No. 2326 (CTA Case No. 9504)**
-versus-	
SAN MIGUEL CORPORATION, Respondent.	

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SAN MIGUEL CORPORATION, Petitioner,	**CTA EB No. 2330 (CTA Case No. 9504)**
	Present: Del Rosario, *P.J.,* Castañeda, Jr., Uy, Ringpis-Liban, Manahan, Bacorro-Villena, Modesto-San Pedro, Reyes-Fajardo, and Cui-David, *JJ.*
-versus-	
COMMISSIONER OF INTERNAL REVENUE, Respondent.	Promulgated: JUN 22 2022 4:00 pm

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R E S O L U T I O N

CASTAÑEDA, JR., *J.:*

This resolution pertains to CTA EB NO. 2326 and resolves Commissioner of Internal Revenue (CIR)'s Motion for Partial

Reconsideration (Re: Decision dated 24 February 2022) filed on March 17, 2022. On April 12, 2022, San Miguel Corporation (SMC), by counsel, filed its Comment on/Opposition to "Motion for Partial Reconsideration...." dated March 17, 2022 of Commissioner of Internal Revenue. On April 27, 2022, CIR's motion was submitted for resolution.

The dispositive portion of the April 5, 2022 Decision states:

> **"WHEREFORE,** premises considered, the consolidated Petitions for Review in **CTA EB Nos. 2326 and 2330** are **DENIED** for lack of merit.
>
> Accordingly, the assailed Decision and Resolution promulgated on January 14, 2020 and on July 30, 2020, respectively, by the CTA First Division are **AFFIRMED** as to the result.
>
> **SO ORDERED."**

CIR's motion is based on the following ground:

> The HONORABLE COURT ERRED IN RULING ORDERING THE CANCELLATION OF THE DEFICIENCY INTEREST, SURCHARGE AND COMPROMISE PENALTY PAID BY SAN MIGUEL CORPORATION.

CIR reiterates that the "good faith reliance" defense on this particular issue is a settled matter and inferior court must follow the rule established by a decision *[Filinvest case]*[1] of the Supreme Court, and that reliance in good faith must be relatively applied. CIR again emphasized that no particular BIR Ruling was issued to SMC to the effect that it is not liable for surcharge, interest and compromise penalty.

After a careful review of the ground raised and arguments presented by CIR, this Court finds that these are mere reiterations, and that no valid or cogent reasons were presented for the Court to deviate from our findings and conclusions reached in our Decision dated February 24, 2022, thus, the motion is denied.

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[1] *Commissioner of Internal Revenue v. Filinvest Development Corporation*, G.R. 163563, July 19, 2011.

In this case, the CTA Division found that "good faith reliance on previous rulings by the taxpayer was neither raised as an issue nor passed upon by the SC [Supreme Court] in the *Filinvest* case."[2]

We emphasize the settled rule that "good faith and honest belief that one is not subject to tax on the basis of previous interpretation of government agencies tasked to implement the tax laws are sufficient justification to delete the imposition of surcharges and interest.[3] Moreover, considering that there is no agreement between the parties as to the imposition of the compromise penalty, it is proper to delete the said compromise penalty.

WHEREFORE, premises considered, Commissioner of Internal Revenue (CIR)'s Motion for Partial Reconsideration (Re: Decision dated 24 February 2022) is **DENIED.**

SO ORDERED.

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

WE CONCUR:

(I reiterate my Concurring Opinion on the assailed Decision)
ROMAN G. DEL ROSARIO
Presiding Justice

ERLINDA P. UY
Associate Justice

Ma. Belen
MA. BELEN M. RINGPIS-LIBAN
Associate Justice

Catherine T. Manahan
(With due respect, I join PJ's Concurring Opinion)
CATHERINE T. MANAHAN
Associate Justice

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[2] *Rollo* (CTA EB No. 2326), p. 60.
[3] *The City of Iloilo v. Smart Communications, Inc. (SMART)*, G.R. No. 167260, February 27, 2009.

(With due respect, I maintain my vote joining PJ's Concurring Opinion)
JEAN MARIE A. BACORRO-VILLENA
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

MARIAN IVY F. REYES-FAJARDO
Associate Justice

LANEE S. CUI-DAVID
Associate Justice