REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL THIRD DIVISION

NATIONWIDE HEALTH SYSTEMS BAGUIO, INC., *Petitioner,*	**CTA Case No. 10686**
	Members:
-versus-	**REYES-FAJARDO,** *Acting Chairperson,* and **ANGELES,** *JJ.*
COMMISSIONER OF INTERNAL REVENUE, *Respondent.*	Promulgated: MAR 17 2026 3:56 p.m.

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RESOLUTION

REYES-FAJARDO, *J.*:

For the Court's resolution is respondent's *Motion for Reconsideration (Re: Decision promulgated on 07 November 2025)*,[1] seeking the reversal of the Court's Decision,[2] which set aside and cancelled respondent's *Final Decision*,[3] *Formal Letter of Demand / Final Assessment Notice* (*FLD/FAN*),[4] and *Final Decision on Disputed Assessment* (*FDDA*),[5] issued against petitioner for taxable year (TY) 2013.

The dispositive portion reads:[6]

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1 Docket – Vol. 2, pp. 954 to 974; Personally filed on November 26, 2025 and electronically filed on November 27, 2025.

2 Decision promulgated on November 7, 2025, Docket – Vol. 2, pp. 940 to 952.

3 Dated October 6, 2021, Docket – Vol. 1, p. 668; Exhibits "P-10" and "R-11," BIR Records – Folder 1 of 3 (Exhibit "R-21"), pp. 324 to 333.

4 Dated July 25, 2016, Docket – Vol. 1, p. 668; Exhibit "P-5" and "R-4" to "R-4-1," BIR Records – Folder 1 of 3 (Exhibit "R-21"), pp. 176 to 186.

5 Dated March 2, 2017, Docket – Vol. 1, p. 668; Exhibits "P-8" and "R-9," BIR Records – Folder 1 of 3 (Exhibit "R-21"), pp. 230 to 234.

6 Docket – Vol. 2, pp. 951 to 952.

WHEREFORE, in light of the foregoing considerations, the present Petition for Review is **GRANTED**.

Accordingly, the Final Decision dated October 6, 2021 of respondent is **WITHDRAWN** and **SET ASIDE**. Moreover, the FLD/FAN dated July 25, 2016, assessing petitioner the aggregate amount of ₱9,520,935.20, and the FDDA dated March 2, 2017, declaring petitioner still liable to pay deficiency taxes totaling ₱6,493,872.28, for TY 2013, are **CANCELLED** and **SET ASIDE**.

Respondent and the BIR are hereby **ENJOINED** to collect the said amount from petitioner.

SO ORDERED.

In so ruling, the Court found that the audit and examination of petitioner's books were conducted by Revenue Officers (ROs) who were not authorized under the Letter of Authority (LOA) issued for TY 2013, and that no new LOA was issued in their names; hence, the resulting assessments were void and cannot be enforced.

Unfazed, respondent moves for reconsideration and argues that: 1) the Court erred in ruling on the validity of the LOA despite the issue not having been raised at the administrative level; 2) the Court misapplied prevailing jurisprudence and administrative issuances, particularly in relation to Revenue Memorandum Order (RMO) No. 43-90 and the reassignment of ROs; 3) petitioner was accorded due process in the administrative proceedings; and 4) the assessment should be upheld, the Decision reversed, and petitioner ordered to pay the assessed deficiency taxes, penalties, and surcharges.

In its *Comment (to Respondent's Motion for Reconsideration dated 26 November 2025)*,[7] petitioner maintains that: 1) the Court is not strictly bound by the issues framed by the parties and may resolve related matters necessary for the proper disposition of the case; 2) jurisprudence holds that assessments are void where the examination was conducted without a valid LOA, and the Court correctly applied these rulings; 3) respondent's reliance on *Commissioner of Internal Revenue v. PGA Sompo Insurance Corp.* ("*PGA Sompo*")[8] is misplaced and misleading, as the cited case in fact affirms the necessity of a

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[7] Docket - Vol. 2, pp. 981 to 1000; Filed through registered mail on January 12, 2026, received by the Court on January 19, 2026 and electronically filed on January 12, 2026,

[8] C.T.A. EB Case No. 2203 (C.T.A. Case No. 9394), September 15, 2021.

duly issued LOA for a valid audit and assessment; and 4) respondent's *Motion for Reconsideration* merely reiterates arguments already resolved in the assailed Decision, thus warranting denial.

The *Motion for Reconsideration* is devoid of merit.

First. Respondent's principal submission—that the Court should not have ruled on the validity of the LOA because the issue was not raised at the administrative level—does not persuade.

Section 8[9] of Republic Act (RA) No. 1125,[10] as amended,[11] decrees that proceedings before the Court of Tax Appeals (CTA) shall not be strictly bound by technical rules of evidence.

Relatedly, Section 1, Rule 14 of the 2005 Revised Rules of the CTA (RRCTA)[12] clearly provides:

> RULE 14
> JUDGMENT, ITS ENTRY AND EXECUTION
>
> SECTION 1. - Rendition of judgment -
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> . . .
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> **In deciding a case, the Court may not limit itself to the issues stipulated by the parties but may also rule upon related issues necessary to achieve an orderly disposition of the case.**[13]

Guided by the foregoing provision, the Supreme Court in *Commissioner of Internal Revenue v. Lancaster Philippines, Inc.*,[14] affirmed the authority of the CTA to rule on issues not raised by the parties to arrive at orderly disposition of the case:

> [Section 1, Rule 14 of the Revised Rules of the CTA] is clearly worded. On the basis thereof, the CTA Division was, therefore, well

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9 SECTION 8. Court of record; seal; proceedings. — The Court of Tax Appeals shall be a court of record and shall have a seal which shall be judicially noticed. It shall prescribe the form of its writs and other processes. It shall have the power to promulgate rules and regulations for the conduct of the business of the Court, and as may be needful for the uniformity of decisions within its jurisdiction as conferred by law, but such proceedings shall not be governed strictly by technical rules of evidence.

10 An Act Creating the Court of Tax Appeals, Republic Act No. 1125, June 16, 1954.

11 An Act Expanding the Jurisdiction of the Court of Tax Appeals, Republic Act No. 9282, March 30, 2004.

12 A.M. No. 05-11-07-CTA, November 22, 2005.

13 Emphasis supplied.

14 G.R. No. 183408, July 12, 2017.

> within its authority to consider in its decision the question on the scope of authority of the revenue officers who were named in the LOA **even though the parties had not raised the same in their pleadings or memoranda**. The CTA En Banc was likewise correct in sustaining the CTA Division's view concerning such matter.[15]

In fact, in the recent case of *Commissioner of Internal Revenue v. Marily Development Corp.*,[16] the Supreme Court, citing *Prime Steel Mill, Inc. v. Commissioner of Internal Revenue*,[17] reiterated two (2) conditions by which the CTA *En Banc*, or even a Division thereof, may consider arguments raised for the first time on appeal or on motion for reconsideration — **one**, the issue is necessary to achieve an orderly disposition of the case, and **two**, its resolution would not require the presentation of additional evidence and must rely solely on factual bases that are already matters of record in the case.

Both conditions are present here. *First*, the issue on the violation of petitioner's right to due process on the ground of absence of a new LOA is inextricably linked to the validity of the assessment. A resolution on this apparent violation of petitioner's right to due process is indispensable for an orderly and comprehensive disposition of this case.[18] *Second*, the Court's ruling on the lack of authority of RO Riza S. Liwan and RO Justine Ivana P. Estillore was based on the LOA dated February 20, 2015 (SN: eLA201200004224),[19] Undated Memorandum of Assignment (MOA) No. 008-LA-15-056,[20] Memoranda,[21] and Assessment Notices, which are all found in the case records. Thus, the Court's exercise of its authority to pass upon this issue is justified.

Moreover, *Himlayang Pilipino Plans, Inc. v. Commissioner of Internal Revenue*[22] categorically held that failure of taxpayer to raise the issue of an RO's lack of authority does not preclude the Court from considering the same as said issue goes into the intrinsic validity of the assessment itself.

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15 Emphasis supplied.
16 G.R. No. 263794, April 2, 2025.
17 *Prime Steel Mill, Inc. v. Commissioner of Internal Revenue*, G.R. No. 249153, September 12, 2022.
18 G.R. No. 249153, September 12, 2022.
19 Exhibits "P-2" and "R-1", BIR Records – Folder 1 of 3 (Exhibit "R-21"), p. 2.
20 BIR Records – Folder 1 of 3 (Exhibit "R-21"), p. 120.
21 Specifically: Memorandum dated September 17, 2015, Exhibit "R-2", BIR Records – Folder 1 of 3, pp. 129 to 149; and Memorandum dated January 18, 2016, Exhibit "R-5", BIR Records – Folder 1 of 3 (Exhibit "R-21"), pp. 172 to 173 and 190 to 191.
22 G.R. No. 241848, May 14, 2021.

Here, since the validity of the subject tax assessments are anchored on the legality of the examination conducted by the Bureau of Internal Revenue against petitioner, the Court correctly addressed the propriety thereof.[23]

Second. Respondent's position that RMO No. 43-90[24] is no longer controlling in determining the authority of ROs to conduct the audit, in light of the subsequent issuance of RMO No. 8-2006,[25] and RMO No. 44-2010,[26] is bereft of merit.

In *Commissioner of Internal Revenue v. McDonald's Philippines Realty Corp.*,[27] which involves an assessment pertaining to taxable year 2006, the Supreme Court categorically held that RMO No. 43-90 — expressly and specifically requiring the issuance of a new LOA in cases of reassignment or transfer of revenue officer — remains applicable as it is not inconsistent with the provisions of the National Internal Revenue Code (NIRC) of 1997, as amended, notwithstanding the latter's subsequent enactment, to wit:

> **C. Revenue Memorandum Order No. 43-90 dated September 20, 1990 Expressly and Specifically Requires the Issuance of a New LOA if Revenue Officers are Reassigned or Transferred**
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> Section D (5) of RMO No. 43-90 dated September 20, 1990 provides:
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> > Any re-assignment/transfer of cases to another RO(s), [64] and revalidation of L/As which have already expired, shall require the issuance of a new L/A, with the corresponding notation thereto, including the previous L/A number and date of issue of said L/As.

23 *Commissioner of Internal Revenue v. Geniographics, Incorporated*, G.R. No. 264572, July 26, 2023; *National Power Corp. v. Province of Pampanga*, G.R. No. 230648, October 6, 2021; *Commissioner of Internal Revenue v. Yumex Philippines Corp.*, G.R. No. 222476, May 5, 2021; *Commissioner of Internal Revenue v. Lancaster Philippines, Inc.*, G.R. No. 183408, July 12, 2017.

24 Re: Amendment of Revenue Memorandum Order No. 37-90 Prescribing Revised Policy Guidelines for Examination of Returns and Issuance of Letters of Authority to Audit, , September 20, 1990.

25 SUBJECT: Prescribing Guidelines and Procedures in the Implementation of the Letter of Authority Monitoring System (LAMS), February 1, 2006.

26 SUBJECT: Electronic Issuance of Letters of Authority, May 12, 2010.

27 G.R. No. 242670, May 10, 2021.

The above provision expressly and specifically requires the issuance of a new LOA if revenue officers are reassigned or transferred to other cases.

. . .

The petitioner claims that RMO No. 43-90 dated September 20, 1990 is not the implementing rule for Section 13 of the NIRC. RMO No. 43-90 was promulgated on September 20, 1990, which is seven years prior to the law it supposedly implemented. Because of this, the petitioner implies that RMO No. 43-90 dated September 20, 1990 is not a valid legal basis in the position that a reassignment and transfer of cases requires the issuance of a new and separate LOA for the substitute revenue officer.

The petitioner is mistaken. Section 291 of the NIRC states:

> SECTION 291. In General. — All laws, decrees, executive orders, rules and regulations or parts thereof which are contrary to or inconsistent with this Code are hereby repealed, amended or modified accordingly.

Section D (5) of RMO No. 43-90 dated September 20, 1990 is not contrary to or inconsistent with the NIRC. In fact, the NIRC codifies the LOA requirement in RMO No. 43-90. **While RMO No. 43-90 was issued under the old tax code, nothing in Section D (5) of RMO No. 43-90 is repugnant to Sections 6 (A), 10 and 13 of the NIRC. Hence, pursuant to Section 291 of the NIRC, RMO No. 43-90 remains effective and applicable.**[28]

Consequently, the Court cannot sustain respondent's theory that a MOA or similar internal document may substitute for the issuance of a new LOA.

Aptly, *People v. E & D Parts Supply, Inc.*[29] emphasized that an LOA, a special authority granted to a particular officer, cannot be supplanted by a mere MOA or an equivalent document, *viz.*:

Records show that LOA No. 2007 00000616 was issued to E & D's authorized Revenue Officer (RO) Dominga G. Madula to audit E & D's books of accounts for taxable year 2006. E & D's case was subsequently reassigned to RO Reinhard Dale A. Anaban (RO Anaban). However, **no new LOA was issued** in RO Anaban's name to continue the audit of E & D's books of accounts. His authority was merely anchored upon a **Memorandum of Agreement** signed

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[28] Emphasis supplied.

[29] G.R. No. 259284, January 24, 2024.

> by Revenue District Officer Teodoro A. Huelva of Revenue District No. 34.
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> Absent a LOA issued by the CIR or its duly authorized representatives, RO Anaban did not possess any authority to audit E & D's books of accounts. **The importance of the revenue officer's authority to conduct an audit cannot be overemphasized because it goes into the validity of the assessment. The lack of authority of the revenue officer is equivalent to the absence of a LOA itself which results in a void assessment. Being a void assessment, the same bears no fruit.**[30]

Third. Equally unavailing is respondent's argument that only one (1) LOA per taxable year can be issued to a taxpayer pursuant to RMO No. 8-2006.

The Supreme Court already clarified in *Republic v. Robiegie Corp.*[31] that RMO No. 8-2006 does not prohibit the issuance of a new LOA in cases of reassignment or transfer of revenue officers, to wit:

> **Clearly, the "one LOA per taxable year" rule is not as ironclad as the Republic portrays it to be.** Part IV.D., Item 2 of RMO No. 8-2006 authorizes the issuance of duplicate LOAs, subject to the CIR's discretion to determine which of the two LOAs shall prevail. Obviously, when a tax investigation is reassigned to a different RO pursuant to the mandatory "rotation" of assessment officers under Section 17 of the NIRC, or for any other legally justified reason, **the CIR or his/her duly authorized representatives may issue a new LOA to the newly assigned RO, and such LOA can be made to prevail over the LOA issued to the previous investigating officer.** Since the CIR's power to issue a LOA is delegable, the concomitant power to uphold the validity of a subsequently issued duplicate LOA is likewise delegable to the CIR's duly authorized representatives, as enumerated in RMO No. 43-90. Stated differently, **RMO No. 8-2006 does not prohibit the issuance of a new LOA within the same taxable period if such new LOA is necessitated by the reassignment, retirement, or other inability of the incumbent RO to continue an investigation.**[32]

Fourth. Respondent's reliance on the Court *En Banc*'s Resolution in *PGA Sompo*[33] is likewise misplaced. Contrary to respondent's posture, *PGA Sompo* does not sanction the continuation

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30 Emphasis supplied.
31 G.R. No. 260261, October 3, 2022.
32 Emphasis supplied.
33 C.T.A. EB Case No. 2203 (C.T.A. Case No. 9394), September 15, 2021.

of an audit by ROs not named in the LOA nor the substitution of such authority by internal memoranda. Respondent's reliance thereon appears to proceed from an overly broad reading of the ruling, detached from its factual anchors and legal context.

The Court thus finds no cogent reason to disturb its findings and conclusions in the assailed Decision.

WHEREFORE, premises considered, respondent's *Motion for Reconsideration (Re: Decision promulgated on 07 November 2025)* is **DENIED** for lack of merit. Accordingly, the Decision promulgated on November 7, 2025 is **SUSTAINED.**

SO ORDERED.

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

I CONCUR:

HENRY S. ANGELES
Associate Justice