REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

Special Second Division

PROVIDENT TREE FARMS, INC. represented herein by **TEODORO G. BERNARDINO,** Petitioner,	**CTA CASE NO. 10459**
	Members: **RINGPIS-LIBAN,** *PJ, Chairperson,* **MODESTO-SAN PEDRO,** *and* **FERRER-FLORES,** *JJ.*
-versus-	
COMMISSIONER OF INTERNAL REVENUE, Respondent.	Promulgated: MAR 02 2026

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DECISION

MODESTO-SAN PEDRO, J.:

The Case

Before the Court is a *Petition for Review*, filed on February 1, 2021, with respondent's *Answer*, filed on June 14, 2021, praying that this Court declare the assessments against petitioner for alleged deficiency income tax and value-added tax for taxable year ("TY") 2009 void.

The Parties

Petitioner is an entity duly organized and existing under and by virtue of laws of the Republic of the Philippines.[1]

Respondent is the duly-appointed Commissioner of Internal Revenue ("CIR"), empowered by the *National Internal Revenue Code of 1997, as amended* ("*NIRC*"), to, among others, authorize the examination of a taxpayer's accounting records, assess the correct amount of deficiency taxes, and decide disputed assessments arising under said law or other laws administered by the Bureau of Internal Revenue ("BIR").[2]

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1 Petition for Review, p. 1, *Rollo* Vol. 1, p. 6.
2 Petition for Review, p. 2, *id.* at 7.

The Facts

On March 15, 2011, respondent issued Letter of Authority ("LOA") No. eLA201000014671 (LOA-034-2011-00000043), authorizing Revenue Officer ("RO") Gloria Maliwanag and Group Supervisor ("GS") Alma Celestial Cayabyab to examine petitioner's accounting records for TY 2009.[3]

On September 14, 2012, respondent issued a Post Reporting Notice ("PRN"), received by one "Martalino D. Balajadia" on September 17, 2012.[4] He followed this with a Revised Post Reporting Notice ("RPRN"), issued on November 14, 2012 and received by Bajaladia on November 15, 2012.[5]

Respondent subsequently issued a Preliminary Assessment Notice ("PAN") early the following year, on January 8, 2013.[6] Petitioner received this on January 16, 2013.[7]

On January 24, 2013, respondent issued a Formal Letter of Demand with Final Assessment Notice ("FLD/FAN"). Petitioner argued against the assessment via a Letter of Protest, filed on February 22, 2013.[8]

Years later, respondent issued a Final Decision on Disputed Assessment ("FDDA") on January 12, 2021. Petitioner received this on January 15, 2021.[9]

Aggrieved, petitioner filed the instant Petition for Review on February 1, 2021, against which respondent filed his Answer on June 14, 2021.

After an unsuccessful attempt at mediation,[10] Pre-Trial ensued on October 5, 2023[11] and was terminated on November 10, 2023.[12] The Court later issued a Pre-Trial Order[13] on February 6, 2024.

Petitioner presented two witnesses: Teodoro G. Bernardino on March 7, 2024[14] and Independent Certified Public Accountant ("ICPA") Thea May Fidelson-Vicera on May 22, 2024.[15] It filed its Formal Offer of Evidence[16] on

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3 Memorandum for Petition, p. 2, *Rollo* Vol. 2, p. 524.
4 *Rollo* Vol. 1, pp. 76-78.
5 *Id.* at 79-81.
6 Memorandum for Petition, p. 3, *Rollo* Vol, 2, p. 525.
7 Letter, dated January 21, 2013, BIR Records, p. 233.
8 *Supra* note 6.
9 Memorandum for Petition, p.4, *id.* at 526.
10 PMC-CTA Form 5 (Mediator's Report), dated May 23, 2023, *Rollo* Vol. 1, p. 252.
11 Minutes of the Hearing, held on October 5, 2023, *id.* at 306.
12 Resolution, dated November 10, 2023, *id.* at 326.
13 *Id.* at 339-343.
14 Minutes of the Hearing, held on March 7, 2024, *id.* at 352.
15 Minutes of the Hearing, held on May 22, 2024, *Rollo* Vol. 2, p. 466.
16 *Id.* at 469-475.

May 30, 2024, and the Court admitted all of its evidence except for Exhibits "P-23-J" and "P-26-J", for not being found in the submitted USB, and "P-12-A", for not corresponding with what was actually offered and identified.[17]

Meanwhile, respondent presented as witness Edna A. Ortalla on February 6, 2025.[18] He then filed his Formal Offer of Evidence[19] on February 12, 2025, and the Court admitted all of his offered evidence.[20]

Petitioner filed its Memorandum[21] via licensed courier on July 9, 2025, while respondent filed his Memorandum[22] on July 29, 2025. After petitioner's filing of additional copies of its Memorandum,[23] the Court submitted this case for decision via a Minute Resolution, dated December 1, 2025.[24]

Hence, this Decision.

The Issues

The issues for the Court's resolution are:

(1) Whether this Court has jurisdiction over this case; and

(2) Whether petitioner is liable to pay the assessed deficiency taxes for TY 2009.[25]

Arguments of the Parties

Petitioner's Arguments

Petitioner insists that the assessment is void, based on the following contentions:

(1) It did not receive the LOA;[26]

(2) The LOA was neither followed by a final report nor revalidated within 120 days;[27]

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[17] Resolution, dated August 2, 2024, *id.* at 482-484.
[18] Minutes of the Hearing, held on February 6, 2025, *id.* at 487.
[19] *Id.* at 490-496.
[20] Resolution, dated May 20, 2025, *id.* at 519-520.
[21] *Id.* at 523-547.
[22] *Id.* at 552-563.
[23] Submission, filed on October 10, 2025, *id.* at 565-566.
[24] *Id.* unpaginated.
[25] Pre-Trial Order, dated February 6, 2024, p. 2, *Rollo* Vol. 1, p. 340.
[26] Memorandum for Petitioner, pp. 10-12, *Rollo* Vol. 2, pp. 532-534.
[27] Memorandum for Petitioner, pp. 12-14, *id.* at 534-536.

(3) RO Aleth A. Escober, on whose investigation the FDDA was based, was not named in the LOA;[28]

(4) Witness Ortalla was also not named in the LOA yet was involved in the assessment;[29]

(5) No Notice of Informal Conference ("NIC") was issued to petitioner;[30]

(6) By the time respondent issued his assessment notices, his right to assess petitioner for deficiency VAT for the 1st, 2nd, and 3rd quarters of TY 2009 had already prescribed;[31]

(7) Respondent's right to collect any deficiency taxes has also long since prescribed;[32] and

(8) Following the ICPA, if the assessment is not void, then petitioner is liable only for a lowered amount.

Respondent's Arguments

Respondent argues against the above as follows:

(1) Petitioner failed to allege any denial of due process at the administrative level, so it should not be allowed to raise these before this Court, whose power to review the CIR's assessments is appellate in nature;[33]

(2) Petitioner received the PAN, the PRN, and the RPRN, the latter two of which serve as the NIC in this case;[34] and

(3) In light of petitioner's request for reinvestigation, respondent's right to collect the assessed deficiency taxes has not yet prescribed.[35]

The Ruling of the Court

The Petition is meritorious.

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[28] Memorandum for Petitioner, pp. 12-16, *id.* at 534-538.
[29] Memorandum for Petitioner, p. 19, *id.* at p. 541.
[30] Memorandum for Petitioner, pp. 16-21, *id* at 538-543.
[31] Memorandum for Petitioner, pp. 21-22, *id.* at 543-544.
[32] Memorandum for Petitioner, pp. 22-23, *id.* at 544-545.
[33] Memorandum for Respondent, pp. 3-7, *id.* at 554-558.
[34] Memorandum for Respondent, pp. 7-9, *id.* at 558-560.
[35] Memorandum for Respondent, pp. 9-10, *id.* at 560-561.

The Court has jurisdiction over this case.

Section 7(a)(1) of Republic Act No. 1125, as amended, and *Rule 4, Section 3(a)(1) of the Revised Rules of the Court of Tax Appeals, as amended* ("*RRCTA*") gives this Court jurisdiction over appeals from decisions of the CIT on disputed assessments. *Rule 8, Section 3(a) of the RRCTA* adds the restriction that a petition for review assailing such a decision from the CIR must be filed before this Court within 30 days from receipt of said decision.

The instant Petition assails the CIR's assessment notices and FDDA regarding petitioner's alleged deficiency taxes for TY 2009. As far as subject matter goes, then, this case falls within this Court's jurisdiction.

As for timeliness, petitioner received the FDDA on January 15, 2021.[36] It then filed the instant Petition on February 1, 2021, 17 days after receipt of the FDDA. It thus filed the Petition on Time.

As this case involves a subject matter within Our jurisdiction, and as petitioner raised its appeal on time, this Court can clearly take cognizance of the case.

This Court can cover issues not raised at the administrative level

Against petitioner's cries of due process violations, respondent insists that petitioner did not raise this at the administrative level, prohibiting this Court from tackling such issues.

Respondent is mistaken.

The Supreme Court has long affirmed the authority of the Court of Tax Appeals ("CTA") to rule on issues not raised at the administrative *or even the judicial* level. For claims for refund, for example, *Commissioner of Internal Revenue v. Univation Motor Philippines, Inc.*,[37] *Commissioner of Internal Revenue v. Philippine Bank of Communications*[38] and *Commissioner of Internal Revenue v. CE Casecnan Water and Energy Company, Inc.*,[39] along with a host of other Supreme Court decisions, have established that the CTA can admit and use evidence not submitted during the administrative claim,

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[36] *Supra* note 9.
[37] G.R. No. 231581, April 10, 2019.
[38] G.R. No. 211348, February 23, 2022.
[39] G.R. No. 212727, February 1, 2023.

Indeed, in *Commissioner of Internal Revenue v. Lancaster Philippines, Inc.*[40] ("*Lancaster*"), the Supreme Court declared that the CTA has the authority to decide on issues *not even raised before it*, following *Rule 14, Section 1 of the RRCTA*:

> Under Section 1, Rule 14 of A.M. No. 05-11-07-CTA, or the Revised Rules of the Court of Tax Appeals, *the CTA is not bound by the issues specifically raised by the parties but may also rule upon related issues necessary to achieve an orderly disposition of the case*. The text of the provision reads:
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> SECTION 1. Rendition of judgment. — x x x
>
> In deciding the 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.
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> The above section is clearly worded. On the basis thereof, *the CTA Division was, therefore, well 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.
> (Citations omitted; emphasis and italics supplied.)

The Supreme Court also held similarly in *Commissioner of Internal Revenue v. Yumex Philippines Corporation*[41] ("*Yumex*"), affirming the CTA's act of voiding the assessment for the CIR's failure to give the taxpayer therein a sufficient opportunity to protest the PAN against it, despite this issue not being raised by either party:

> *The CTA Division held that petitioner violated Sec. 228 of the National Internal Revenue Code (NIRC) of 1997 and the provisions of Revenue Regulations (RR) No. 12-99,* ***which grant a taxpayer a period of fifteen (15) days within which to reply to the PAN***. It also ruled that the assessment must be cancelled for lack of factual basis. Based on its scrutiny of the records, the CTA Division found that petitioner, in computing respondent's alleged deficiency IAET, actually applied the IAET rate on respondent's income from its registered activities which enjoy Income Tax Holiday (ITH). In contrast, there is nothing in petitioner's reports, notices, and letters which would specifically show the unregistered activities from which the alleged taxable income mentioned in the PAN and FLD/FAN was derived.
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> . . .
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> *As the CTA En Banc held, the CTA Division was justified in ruling on the issue that respondent was denied due process* ***even though it was not expressly raised by respondent in its petition for review***. Sec. 1, Rule 14 of the RRCTA provides that "[i]n deciding the case, the Court may not limit

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[40] G.R. No. 183408, July 12, 2017.
[41] G.R. No. 222476, May 5, 2021.

> itself to the issues stipulated by the parties but may also rule upon related issues necessary to achieve an orderly disposition of the case." Herein, the issue of the validity of the assessment against respondent also necessarily requires the determination of the matter of the proper issuance of said assessment in accordance with the requirements of due process. In addition, there were sufficient allegations in respondent's petition for review on the dates of issuance by the BIR and receipt by respondent of the PAN and FLD/FAN, as well as documentary and testimonial evidence to establish the essential facts for resolution of the issue which were presented during the trial without any objection from petitioner. This could be deemed as petitioner's implied consent to try the issue, recognized under Sec. 5, Rule 10 of the Revised Rules of Court, which applies suppletorily to the RRCTA. (Emphasis and italics supplied.)

The above was also later affirmed in *National Power Corporation v. Provincial Government of Bulacan*.[42]

Most relevant to the case at bar, however, are *Manila Bankers' Life Insurance Corporation v. Commissioner of Internal Revenue*[43] ("*Manila Bankers*") and *Prime Steel Mill, Incorporated v. Commissioner of Internal Revenue*[44] ("*Prime Steel*"). In *Manila Bankers'*, the taxpayer raised the issue of prescription only in its Supplemental Petition before the CTA, not at the administrative level. The CTA thus ruled that the issue of prescription could no longer be raised. However, the Supreme Court disagreed with this ruling, stressing that the CTA could have tackled the issue despite it not being raised before the CIR:

> The CIR, for its part, counters that the defense of prescription was belatedly raised in MBLIC's supplemental petition, and was not invoked during the protest before the CIR. MBLIC refuted, however, that the defense of prescription may be raised at any time.
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> The Court rules that although *MBLIC is correct in saying that it may still raise prescription as a defense*, it nevertheless failed to establish that the prescriptive period had already expired.
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> Under Rule 1, Section 3 of the Revised Rules of Procedure before the Court of Tax Appeals, the Rules of Court of the Philippines shall have suppletory application. In turn, Section 1, Rule 9 of the Rules of Court states:
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>> Section 1. Defenses and objections not pleaded. — Defenses and objections not pleaded either in a motion to dismiss or in the answer are deemed waived. However, when it appears from the pleadings or the evidence on record that the court has no jurisdiction over the subject matter, that there is another action pending between the same parties for the same cause, or that the action is barred by a prior judgment or by statute of limitations, the court shall dismiss the claim.

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42 G.R. No. 207140, January 30, 2023.
43 G.R. Nos. 199729-30 & 199732-33, February 27, 2019.
44 G.R. No. 249153, September 12, 2022.

> Thus, the Court in China Banking Corporation v. CIR, citing Heirs of Valientes v. Ramas, ruled that it is imbued with sufficient discretion to review matters, not otherwise assigned as errors on appeal, if it finds that their consideration is necessary in arriving at a complete and just resolution of the case; more so, when the provisions on prescription were enacted to benefit and protect taxpayers from investigation after a reasonable period of time. Resultantly, the Court therein appreciated the defense of prescription even though it was raised for the first time before the Court of last resort.
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> *Indeed, the Court may give credence to the defense of prescription even though it was raised for the first time on appeal. . . .*
> (Citations omitted; italics supplied.)

Prime Steel is similar. There, the taxpayer raised three new arguments only in its Supplemental Memorandum before the CTA *En Banc*. It had *not* raised these at the administrative level, before the CTA in Division, or even in its Petition for Review before the CTA *En Banc*. Despite this, the CTA *En Banc* found that it had the requisite authority to delve into and rule on said three issues. The Supreme Court subsequently agreed with that finding of the CTA *En Banc*:

> In its Supplemental Memorandum [before the CTA *En Banc*], petitioner raised, for the first time on appeal, the following arguments: (1) no Letter of Authority (LOA) was offered in evidence by the respondent, hence, the entire audit and the resulting assessment were all void; (2) the FAN was issued prior to the lapse of the fifteen (15)-day period given to a taxpayer to protest the PAN, hence petitioner's right to due process was violated; and (3) the FAN and FLD did not set and fix the tax liability contrary to the requirements of the Tax Code since the interest and total tax due was still subject to modification.
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> . . .
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> At the outset, the Court shall delve into the propriety of the CTA En Banc's action of entertaining petitioner's additional arguments, including the alleged violation of its right to due process when the BIR prematurely issued the FAN and FLD in this case, which were raised for the very first time on appeal, and only in its Supplemental Memorandum.
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> *As correctly held by the CTA En Banc, in deciding a case, the tax 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**."* However, this authority of passing upon additional arguments not expressly contained in the parties' joint stipulation of facts and issues submitted during the pre-trial stage is not unbridled. As the CTA En Banc itself recognized, such issues "should be dealt with, based not only on substantive law but in light of the relevant rules of evidence."
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> . . .
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> For tax cases before the CTA, the Court pronounced in Commissioner of Internal Revenue v. Eastern Telecommunications Phils., Inc. that "[t]he appellate court may, in the interest of justice, properly take into consideration in deciding the case matters of record having some bearing on the issue submitted which the parties failed to raise or the lower

> court ignored, although they have not been specifically raised as issues by the pleadings. This is in consonance with the liberal spirit that pervades the Rules of Court, and the modern trend of procedure which accord the courts broad discretionary power, consistent with the orderly administration of justice, in the decision of cases brought before them."
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> Conspicuously, it is this same spirit of liberality which impelled the Court to recognize that ***the CTA may even consider issues not specifically raised by the parties*** *at all in the disposition of tax cases so long as the same is related to the principal issue for its resolution and is necessary to achieve an orderly disposition of the matter at hand.*
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> *From the foregoing, the Court so holds that the CTA En Banc, or even a Division thereof,* ***may consider arguments raised for the first time on appeal or on motion for reconsideration***, respectively, only if two conditions concur: one, *these arguments are related to the principal issue to be resolved by the court and is necessary to achieve an orderly disposition of the case*; and two, *the resolution of these new arguments would not require the presentation of additional evidence, and must rely solely on factual bases that are already matters of record in the case.* (Citations omitted; emphasis and italics supplied.)

The above is crystal clear: "the CTA *En Banc*, or even a Division thereof, may consider arguments raised for the first time on appeal or on a motion for reconsideration." Thus, even if herein petitioner failed to raise an issue during its administrative protests before respondent, this Court is still be able to rule on such.

This authority, however, is not absolute. As quoted, *Prime Steel* lays down two conditions that must obtain before the CTA can rule on an issue raised for the first time on appeal: (1) the issue is related to the principal issue to be resolved by the court; and (2) resolving the issue would not necessitate the introduction of new evidence and must rely solely on factual bases already present in the records of the case. Thus, *Commissioner of Internal Revenue v. Marily Development Corporation*[45] reiterated *Prime Steel*'s ruling that the CTA can rule on issues raised for the first time on appeal but emphasized that this exception only arises when the two aforementioned conditions are met.

To support his argument against this Court's power to rule on issues not raised at the administrative level, respondent cites *Aguinaldo Industries Corporation v. Commissioner of Internal Revenue*[46] ("*Aguinaldo*") and *Commissioner of Internal Revenue v. Hon. Gonzales*[47] ("*Gonzales*"). Neither help his case, however. *Aguinaldo* was promulgated in 1982 and has thus been superseded by *Manila Bankers'*, *Prime Steel*, and the other jurisprudence cited above. The quote from *Gonzales*, meanwhile, is about issues not raised before the CIR *or* the CTA, *i.e.*, issues raised first before the Supreme Court. It is, as such, not applicable here.

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[45] G.R. No. 263794, April 2, 2025.
[46] G.R. No. L-29790, February 25, 1982.
[47] G.R. No. 177279, October 13, 2010.

It is thus exceedingly clear that respondent's contention holds little to no water. While it is an exception to the rule, this Court *can*, in fact, rule on issues not raised at the administrative level.

Respondent failed to give petitioner 15 days from receipt of the PAN before issuing the FLD/FAN, rendering the assessment void

The seventh and eighth paragraphs of the *NIRC* require that (1) a taxpayer be informed in writing of the basis for the assessment against it; and (2) the taxpayer be given an opportunity to respond to the notice "[w]ithin a period to be prescribed by implementing rules and regulations."

At the time respondent issued the PAN and FLD/FAN, the implementing rules and regulations for these requirements was *Revenue Regulations* ("*RR*") *No. 12-99.*[48] *Section 3.1.2* of the same gives taxpayers a grace period of 15 days from receipt of the PAN within which to reply to it.

This 15-day grace period is of utmost importance. Returning to *Yumex*, the Supreme Court declared an assessment void as the CIR had mailed the PAN and FLD/FAN to the concerned taxpayer on the same day, depriving it of the 15-day grace period. That therein taxpayer was subsequently able to protest the FLD/FAN was of no moment. Said protest did not cure the CIR's violation of the taxpayer's due process rights and thus did not prevent the assessment from being declared void.

Prime Steel, itself citing *Yumex*, is once again relevant here as well:

> In several cases, this Court has enjoined strict observance by the BIR of the prescribed procedure for the issuance of assessment notices in order to uphold the taxpayers' constitutional rights.
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> In the oft-cited case of Commissioner of Internal Revenue v. Metro Star Superama, Inc., the Court held that the sending of a PAN is part and parcel of the due process requirement in the issuance of a deficiency tax assessment and the BIR must strictly comply with the requirements laid down by the law and by its own rules.
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> The importance of the PAN stage of the assessment process cannot be discounted as it presents an opportunity for both the taxpayer and the BIR to settle the case at the earliest possible time without need for the issuance of a FAN.

[48] *RR No. 18-13*, which amends *RR No. 12-99*, was issued only on November 28, 2013, after the issuance of the PAN and FLD/FAN. It is thus not applicable here, and the Court shall not cover it.

> In the very recent case of Commissioner of Internal Revenue v. Yumex Philippines Corp., the Court had occasion to state that *the 15-day period provided under Revenue Regulations No. 12-99 for a taxpayer to reply to a PAN should also be strictly observed by the BIR.* The Court highlighted that "*[o]nly after receiving the taxpayer's response or in case of the taxpayer's default can respondent issue the FLD/FAN.*"
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> While Yumex rests on slightly different factual circumstances, it may nevertheless apply analogously to the case at bench. *There can be no substantial compliance with the due process requirement when the BIR completely ignored the 15-day period by issuing the FAN and FLD even before petitioner was able to submit its Reply to the PAN.*
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> As the Court also held in Yumex, "[t]hat [the taxpayer] was able to file a protest to the FLD/FAN is of no moment." "Sec. 3.1.2 of RR No. 12-99 explicitly grants the taxpayer fifteen (15) days from receipt of the PAN to file a response."
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> In the same vein, it is beside the point that petitioner was able to submit a "well-prepared protest letter." *The fact remains that respondent violated petitioner's right to due process by issuing a FAN without even awaiting its reply to the PAN.*
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> *Well-settled is the rule that an assessment that fails to strictly comply with the due process requirements set forth in Section 228 of the Tax Code and Revenue Regulations No. 12-99 is void and produces no effect.* (Citations omitted; italics supplied.)

To reiterate the above, "[w]ell-settled is the rule that an assessment that fails to strictly comply with the due process requirements set forth in *Section 228 of the Tax Code* and *Revenue Regulations No. 12-99* is void and produces no effect". If, during the course of the assessment, the CIR issues the FLD/FAN less than 16 days after the taxpayer's receipt of the PAN, then the assessment is unavoidably void.

Here, petitioner received the PAN on January 16, 2013. While the copies of the PAN in the Court's records do not seem to have any indication of its date of receipt by petitioner, petitioner itself acknowledged such receipt in its January 21, 2013 letter to respondent. In said letter, petitioner says that it received the PAN on January 16, 2013. This date was not questioned by respondent, who, in fact, *insists* on this date in his Memorandum.[49] Indeed, respondent even offered said letter in evidence as Exhibit "R-4".[50] The Court thus finds that petitioner received the PAN on January 16, 2013.

Meanwhile, respondent issued the FLD/FAN on January 24, 2013. This is the date printed on the FLD/FAN itself, offered by petitioner as Exhibit "P-4-C"[51] and by respondent as Exhibit "P-6-C".[52]

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[49] Memorandum for Respondent, p. 9, *Rollo* Vol. 2, p. 560.
[50] *Rollo* Vol. 1, p. 85.
[51] *Id.* at 298.
[52] *Id.* at 89.

To review, then, petitioner received the PAN on January 16, 2013. It had 15 days, or until January 31, 2013, within which to reply. To be compliant with *Section 228 of the NIRC* as implemented by *RR No. 12-99*, then, respondent should have issued the FLD/FAN on February 1, 2013 at the earliest. He instead issued the FLD/FAN on January 24, 2013, only eight days after petitioner's receipt of the PAN and a full seven days earlier than February 1, 2013. Respondent thus violated petitioner's due process rights by issuing the FLD/FAN within the 15-day grace period.

The Court acknowledges that the issue of the 15-day grace period was not raised by either party, whether at the administrative level or before this Court. As discussed, however, *Manila Bankers'* and *Prime Steel* already established that this Court can tackle issues not raised below, while *Lancaster* and *Rule 14, Section 1 of the RRCTA* allow this Court to cover issues not raised before it.

We also acknowledge that *Prime Steel* frames this ability to rule on unraised issues as an exception. However, the two conditions enumerated in that decision obtain here.

First, respondent's failure to observe the 15-day grace period is intimately connected to the validity of the assessment and the question of whether respondent violated petitioner's due process rights. *Yumex* and *Prime Steel* itself caution that non-compliance with said grace period violates a taxpayer's due process rights and produces a void assessment. As such, the first condition is met.

Second, the date of petitioner's receipt of the PAN is established by the January 21, 2013 letter, which is available on page 233 of the BIR Records and was even offered by respondent as Exhibit "R-4". The date of the FLD/FAN's issuance, meanwhile, is shown by the copies of said documents in this Court's records, as offered by petitioner as Exhibit "P-4-C" and by respondent as "R-6-C". The resolution of this issue thus does not require the presentation of new evidence. Our finding is based on documents offered by the parties, admitted as evidence by this Court during trial, and available in Our records of this case. The second condition is thus met.

Considering, then, that (1) We have the requisite authority to rule on the issue of the 15-day grace period; (2) respondent violated petitioner's due process rights by failing to comply with the 15-day grace period; (3) a failure by the CIR to comply with said grace period inescapably renders the assessment void, We find respondent's assessment of deficiency taxes against petitioner for TY 2009 null and void.

The Court need not discuss the other issues raised by the parties, given that the assessment has already been found to be void.

ACCORDINGLY, *Petition for Review*, filed on February 1, 2021, is hereby **GRANTED**. The assessment against petitioner for alleged deficiency income tax and value-added tax for taxable year 2009 is declared **NULL** and **VOID**. The subject Preliminary Assessment Notice, dated January 8, 2013, Formal Letter of Demand and Final Assessment Notice, dated January 24, 2013, and Final Decision on Disputed Assessment, dated January 21, 2021, are **CANCELLED** and **SET ASIDE**.

Respondent and his agents are **ENJOINED** and **PROHIBITED** from collecting the taxes sought by the void assessment.

SO ORDERED.

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

CORAZON G. FERRER-FLORES
Associate Justice

C E R T I F I C A T I O N

Pursuant to Article VIII, Section 13 of the Constitution, 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 M. RINGPIS-LIBAN
Presiding Justice