CTA Form No. 8 (For DCC)

24-000755-0044

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

CTA CASE NO. SCA-0030

SAN MIGUEL CORPORATION,
Petitioner,

- versus -

THE HON. ROMEO D. LUMAGUI, JR., AS COMMISSIONER OF INTERNAL REVENUE,
Respondent.

NOTICE OF RESOLUTION

To:

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

ATTY. SYLVIA R. ALMA JOSE
ATTY. AYESHA HANIA B. GUILING-MATANOG
ATTY. LARA NICOLE T. GONZALES
Room 703, Litigation Division, BIR National Office Building
Senator Miriam Defensor Santiago Avenue
Diliman, Quezon City

POBLADOR BAUTISTA & REYES
34th Floor, Tower I, The Enterprise Center
6766 Ayala Avenue corner Paseo de Roxas
1226 Makati City

GREETINGS:

You are hereby notified by these presents that on **September 30, 2025,** a Resolution was rendered in the above-entitled case, copy of which is attached hereto.

Quezon City, Philippines, **October 1, 2025.**

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

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

SAN MIGUEL CORPORATION,
Petitioner,

-versus-

THE HON. ROMEO D. LUMAGUI, JR., AS COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA SCA CASE NO. 0030

Members:

DEL ROSARIO, *P.J., Chairperson,*
BACORRO-VILLENA, *and*
CUI-DAVID, *JJ.*

Promulgated:

SEP 3 0 2025, 1:05PM

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RESOLUTION

CUI-DAVID, J.:

For resolution of the Court is respondent's ***Motion for Reconsideration (Re: Decision dated 14 August 2025)*** filed on August 29, 2025, with petitioner's *Opposition (To: Respondent's Motion for Reconsideration dated 29 August 2025)*, filed on September 5, 2025.

Respondent's *Motion for Reconsideration* seeks the reversal of the *Decision* promulgated by the Court on August 14, 2025 (**assailed *Decision***). The dispositive portion of the Decision reads:

> **WHEREFORE**, premises considered, the *Petition for Review (with Urgent Application for a Temporary Restraining Order and Writ of Preliminary Injunction)* filed by petitioner San Miguel Corporation is hereby **PARTIALLY GRANTED**.
>
> Accordingly, the *Letter* dated November 19, 2024, issued by respondent Commissioner of Internal Revenue, constituting his Final Decision on the matter, is hereby **REVERSED** and **SET ASIDE**. Respondent, or any person acting on his behalf, is **ENJOINED** and **PROHIBITED** from

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further enforcing the Estate Tax Assessment covered by Assessment Notice No. FAC-2-89-91-0024 against petitioner and the Cojuangco, *et al.*, SMC Shares, through the issuance of a Warrant of Distraint or by any other summary remedy.

SO ORDERED.

In support of his motion, respondent argues that the collection of the deficiency estate tax pursuant to the final assessment is lawful and consistent with the National Internal Revenue Code (**NIRC**) of 1997, as amended. He reiterates that for over three decades, "various Commissioners of Internal Revenue had attempted to fully collect the estate tax due from the estate of the late President Marcos. However, despite diligent efforts, full collection had not been accomplished to this day."

Respondent states that he is merely performing his official duties, emphasizing that "there is a final, executory and demandable assessment against the estate of the late President Marcos that included the [San Miguel Corporation (**SMC**)] shares."

While **admitting that the SMC shares are not owned by the late President Marcos, Sr.**, respondent forwards the fact that, having been included in the gross estate, they remain subject to collection under the assessment.

In enjoining him from collecting the estate tax through the garnishment of SMC shares, respondent alleges that he is now at a loss on how to collect the same. He queries the Court: "If the SMC shares had been the only property included in the computation of the estate tax of the late President Marcos and which could have been the only basis for the computation of the final estate tax due, and subsequently declared by the Honorable Court to be improper, would the heirs of the late President Marcos still be held subsidiarily liable for the estate tax?"

Respondent likewise asks: "[w]ho will be the proper party to enforce collection on the estate tax assessment when the respondent is enjoined from collecting upon the primary party liable for the payment of estate tax – the estate?"

Respondent thus suggests that "if respondent is prohibited from getting the SMC shares, or other properties included in the gross estate but not part of the properties belonging to the late

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President Marcos, to pay the estate tax, as a necessary consequence, **the estate tax due will have to be recomputed because assets which are not properties of the late President Marcos will have to be removed from the gross estate.**"

Citing relevant provisions of the Civil Code on the preference of credits and the Supreme Court ruling in *Bureau of Internal Revenue v. Tico Insurance Company, Inc.*, [1] respondent argues that "the taxes due against the estate of the late President Marcos should be a priority, making it a priority lien."

In its *Opposition*, petitioner states that respondent "is clearly conflating the 'assessment' of taxes with the 'collection' of taxes." Petitioner maintains that the validity of a tax 'assessment' does not validate the 'collection' of those taxes. Petitioner highlights respondent's admissions in his *Motion for Reconsideration* **that the SMC shares are exclusive properties of Cojuangco, *et al.***

Contrary to the respondent's interpretation, petitioner clarifies that the Court did not enjoin respondent from collecting the deficiency estate taxes from the estate of the late President Marcos. Rather, the injunction specifically prohibits respondent from collecting those taxes with respect to the Cojuangco, et al. SMC shares. Petitioner further points out that "there are numerous other assets which were included in the gross estate of the late President Marcos which, according to the BIR Investigation Records, has a total value of Php36,172,266,373.00." Thus, according to petitioner, "there are clearly other purported assets which [r]espondent can pursue to collect the deficiency estate taxes under the Estate Tax Assessment."

The Court finds merit in petitioner's arguments and accordingly **DENIES** respondent's *Motion for Reconsideration.*

The Court reiterates its ruling that respondent is enjoined and prohibited from enforcing the Estate Tax Assessment covered by Assessment Notice No. FAC-2-89-91-0024 against petitioner and the Cojuangco, *et al.*, SMC shares. As aptly noted by petitioner, nowhere in the assailed *Decision* did the Court

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[1] G.R. No. 204226, April 18, 2022 [Per J. Hernando, Second Division].

hold that respondent may no longer enforce the Estate Tax Assessment against other assets of the estate. In fact, the Court upheld the validity of the 1991 Estate Tax Assessment in accordance with the Supreme Court's ruling in *Marcos II v. Court of Appeals* (***1997 Marcos II* case**).[2] What the Court emphasized in the assailed *Decision* is that the Cojuangco SMC shares are not owned by the late President Marcos, Sr., and therefore cannot be subject to respondent's summary remedies of collection, *viz.*:

> Respondent's reliance on the summary remedy of distraint is anchored on Section 207(A) of the NIRC of 1997, as amended, which provides:
>
> > SEC. 207. Summary Remedies. –
> >
> > (A) Distraint of Personal Property. - Upon the failure of the person owing any delinquent tax or delinquent revenue to pay the same at the time required, the Commissioner or his duly authorized representative, if the amount involved is in excess of One million pesos (P1,000,000), or the Revenue District Officer, if the amount involved is One million pesos (P1,000,000) or less, **shall seize and distraint any goods, chattels or effects, and the personal property, including stocks and other securities, debts, credits, bank accounts, and interests in and rights to personal property of such persons** in sufficient quantity to satisfy the tax, or charge, together with any increment thereto incident to delinquency, and the expenses of the distraint and the cost of the subsequent sale.
> >
> > A report on the distraint shall, within ten (10) days from receipt of the warrant, be submitted by the distraining officer to the Revenue District Officer, and to the Revenue Regional Director: Provided, That the Commissioner or his duly authorized representative shall, subject to rules and regulations promulgated by the Secretary of Finance, upon recommendation of the Commissioner, have the power to lift such order of distraint: Provided, further, That a consolidated report by the Revenue Regional Director may be required by the Commissioner as often as necessary. (*Emphasis and underscoring supplied)*
>
> From the foregoing, it is clear that the power of the BIR to enforce collection through distraint is limited to properties

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[2] G.R. No. 120880, June 5, 1997 [Per J. Torres, Jr., Second Division].

> that undisputedly belong to the taxpayer, *i.e.*, "the person owing any delinquent tax or delinquent revenue" as described under Section 207(A) of the NIRC of 1997, as amended.
>
> By analogy, in *Francisco v. Spouses Gonzales*,[3] the Supreme Court had the opportunity to rule that execution of judgment may only proceed against properties actually owned by the judgment debtor.
>
> Applying the same logic, the BIR may only issue warrants of distraint and levy against properties that are demonstrably owned by the Marcos Estate. Respondent himself recognized this principle during the Preliminary Conference, when his counsel made the following admission:[4]
>
> ... ...
>
> The Court affirms respondent's counsel statement that "an estate tax assessment that has attained finality should not in any way prejudice a third party who has no involvement whatsoever in the estate." However, contrary to counsel's assertion that the final assessment thereby becomes void, the Court clarifies that **such circumstance does not nullify the assessment itself; it merely restricts the scope of the BIR's collection remedies.**

The Court further underscores that inclusion of property in the gross estate is not conclusive proof of ownership. The NIRC governs taxation but does not determine ownership of property, which is the domain of the Civil Code and the Revised Corporation Code. Just as tax declarations are not conclusive proof of ownership but merely indicative thereof, inclusion in a final estate tax assessment is, at most, presumptive evidence of ownership—disputable and not binding in property law. This was discussed lengthily by the Court in the assailed *Decision*, *viz.*:

> Now, this Court is confronted with a novel question: **Does the inclusion of a property in the gross estate of a decedent in a final and executory tax assessment constitute conclusive proof of the decedent's ownership of such property?**
>
> This Court answers in the negative.
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> The NIRC does not govern issues of ownership of property. Rather, it primarily addresses the **taxability** of transactions, properties, and persons. It does not define

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[3] G.R. No. 177667, September 17, 2008 [Per J. Austria-Martinez, Third Division].
[4] TSN of the Preliminary Conference dated April 24, 2025, pp. 27–28.

ownership, possession, property relations, or modifications thereof. In this jurisdiction, the question of property ownership is primarily governed by the Civil Code, and, in the case of shares of stock, by the Revised Corporation Code, not the NIRC.

Thus, what may serve as conclusive evidence in taxation may only be indicative or persuasive in property law, such as the well-settled doctrine that "tax declarations are not conclusive proof of ownership," but are merely indicative of such.[5]

In the same vein, the inclusion of a property in the gross estate under a final and executory estate tax assessment is not conclusive proof of ownership. The finality of the assessment does not transform the presumption of ownership into a legal determination thereof.

An assessment is a written notice and demand made by the BIR on the taxpayer for the settlement of a due tax liability that is there definitely set and fixed.[6] Accordingly, its main purpose is to determine the amount that a taxpayer is liable to pay.[7]

Assessment alone is of little value as proof of title.[8] In fact, the Supreme Court went as far as to state that **a tax assessment is no proof of ownership**.[9] While this doctrine is primarily applied to assessments for purposes of real property taxation, the same holds true in the instant case: **mere inclusion in the gross estate is not proof of ownership**.

Accordingly, while ownership is a requisite for inclusion in the gross estate under Section 100 of the NIRC of 1977, later echoed in Section 85 of the NIRC of 1997, as amended, the inclusion of a property in an estate tax assessment **neither proves nor confers ownership** over the assets listed therein. This is because, *first*, the NIRC does not deal with the civil laws on property, and *second*, the purpose of a tax assessment is to demand the settlement of a tax liability, not to confer ownership over property.

At most, inclusion of a property in the gross estate may serve as corroborative or presumptive evidence of ownership, but such presumption is disputable and does not rise to the level of legal proof.

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5 *Heirs of Alido v. Campano, et al.*, G.R. No. 226065, July 29, 2019 [Per J. J. Reyes, Jr., Second Division].
6 *Adamson, et al. v. Court of Appeals, et al.*, G.R. Nos. 120935 & 124557, May 21, 2009 [Per C.J. Puno, First Division].
7 *Tupaz v. Ulep*, G.R. No. 127777, October 1, 1999 [Per J. Pardo, First Division], cited in *Commissioner of Internal Revenue v. Fitness by Design, Inc.*, G.R. No. 215957, November 9, 2016 [Per J. Leonen, Second Division].
8 *Rizal Cement Co., Inc. v. Villareal, et al.*, G.R. No. L-30272, February 28, 1985 [Per J. Cuevas, Second Division].
9 *Tan v. Republic*, G.R. No. L-22077, February 18, 1967 [Per J. J. B. L. Reyes, *En Banc*].

> This is precisely what transpired in the present case. Petitioner has **effectively rebutted** any presumption of ownership over the Cojuangco SMC Shares. As extensively discussed above, the following arguments were advanced by petitioner and are well taken by the Court, *viz.*:
>
> 1. The *2001 Republic* case has ruled with finality that the Cojuangco SMC Shares are exclusive properties of Cojuangco, *et al.*
>
> 2. The *COCOFED* case likewise ruled with finality that the CIIF Block of SMC Shares belongs to the Government, and that SMC had already reconveyed these shares.
>
> 3. SMC's corporate records show that no SMC share has ever been registered in the name of President Marcos, Sr.
>
> Thus, the Court finds that respondent cannot rely solely on the inclusion of the Cojuangco SMC Shares in the gross estate under the 1991 Estate Tax Assessment to establish ownership by the Marcos Estate.
>
> Accordingly, in line with the Supreme Court's definitive ruling in the 2001 *Republic* case, this Court likewise holds that the Cojuangco SMC Shares are the exclusive properties of Cojuangco, *et al.*

In his *Motion for Reconsideration*, respondent seemingly pushes forward a recomputation of the gross estate. He argues that "if [he] is prohibited from getting the SMC shares, or other properties included in the gross estate but not part of the properties belonging to the late President Marcos, to pay the estate tax, as a necessary consequence, the estate tax due will have to be recomputed because assets which are not properties of the late President Marcos will have to be removed from the gross estate."

This Court has already categorically pronounced that the validity of the assessment is one thing while the propriety of the BIR's collection efforts is another. While the finality of the assessment may affect the legitimacy of collection proceedings, the reverse does not hold true. That is, even if the collection efforts are found to be improper, such finding does not invalidate an assessment that has already attained finality.

Nevertheless, the Court agrees that **when certain properties included in the gross estate are judicially declared not to belong to the decedent, as in this case, where the Cojuangco SMC shares were ruled not to form**

part of President Marcos's estate, the logical consequence is a recomputation of the estate tax collectible. Such recomputation does not nullify nor alter the finality of the 1991 Estate Tax Assessment itself; rather, it merely adjusts the enforceable amount in accordance with what lawfully constitutes the estate of the decedent.

Echoing the *Concurring Opinion* of Associate Justice Jean Marie Bacorro-Villena:

> Evidently, the present controversy is **well past the assessment stage and firmly within the collection stage**, as it has long been incumbent upon the BIR to cause the satisfaction of the 1991 Estate Tax Assessment through any lawful means — such as the summary remedies of distraint and/or levy — against properties owned by the estate of former President Marcos prior to the distribution of the estate, or by any of his heirs upon or after such distribution, as the case may be. (*Emphasis and underscoring supplied.)*

The Court reiterates that on March 9, 1999, the *Decision* in the *1997 Marcos II* case became final and executory upon the *Entry of Judgment* by the Supreme Court. Accordingly, the Supreme Court's pronouncements upholding the validity of the 1991 Estate Tax Assessment have long been settled, and its binding effect cannot now be disturbed.

While the Court acknowledges the improper inclusion of the Cojuangco SMC shares in the gross estate, and recognizes the **necessary recomputation of the collectible estate tax that follows from such exclusion**, this Court is bereft of authority to recast the assessment itself. A recomputation for collection purposes may be effected, but the 1991 Estate Tax Assessment, being final and executory, remains valid and subsisting. Any modification of the assessment or its basis rests solely within the prerogative of the Supreme Court.

Be that as it may, respondent, **in the exercise of his discretion**, may proceed to collect the estate tax due based on the items that he deems proper to be included in the gross estate as recomputed, excluding the properties not belonging to the estate of President Marcos, Sr.

WHEREFORE, premises considered, respondent's *Motion for Reconsideration (Re: Decision dated 14 August 2025)* is hereby **DENIED** for lack of merit.

SO ORDERED.

ROMAN G. DEL ROSARIO - with separate Opinion
Presiding Justice

(I reiterate my Separate Concurring Opinion)
JEAN MARIE A. BACORRO-VILLENA
Associate Justice

LANEE S. CUI-DAVID
Associate Justice

REPUBLIC OF THE PHILIPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

SAN MIGUEL CORPORATION, Petitioner,	**CTA SCA CASE NO. 0030**
	Members:
- versus -	DEL ROSARIO, *P.J.*, *Chairperson* BACORRO-VILLENA, and CUI-DAVID, *JJ.*
THE HON. ROMEO D. LUMAGUI, JR., AS COMMISSIONER OF INTERNAL REVENUE, Respondent.	Promulgated: SEP 30 2025, 1:05PM

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SEPARATE OPINION

DEL ROSARIO, P.J.:

I reiterate my Separate Opinion on the assailed Decision promulgated on August 14, 2025.

As I have previously elucidated, the 1991 Estate Tax Assessment against the late former President Ferdinand E. Marcos, Sr. is void because:

1) The 1991 Estate Tax Assessment included the subject San Miguel Corporation (SMC) shares of stock (Cojuangco, et al. SMC Shares) not belonging to former President Marcos, Sr.;

2) The Marcos family -- heirs of former President Marcos, Sr. -- was denied their right to due process, considering that they were in exile at time of the assessment, and as such, they were not in a position to participate in the audit process or to meaningfully dispute the inclusion of properties that allegedly did not belong to former President Marcos, Sr.;

3) It lacks factual basis; and,

4) It was issued without a valid Letter of Authority duly served upon the administrator of the estate, authorizing the Revenue Officers to conduct the audit of former President Marcos, Sr.'s estate.

These flaws plaguing the 1991 Estate Tax Assessment evince the paucity of merit of respondent's Motion. Consequently, there is no reason for the Court to modify much less, reverse its assailed Decision.

At the pain of being repetitive, while the 1991 Estate Tax Assessment had been declared "final, executory and demandable" in *Marcos II vs. Court of Appeals*,[1] *Marcos II* did not touch upon the validity of the assessment and confined itself to the issue of the BIR's authority to collect by summary remedy the estate tax deficiencies, without the cognition and authority of the probate court over the supposed will of the decedent.

Further, while the matter of the finality of 1991 Estate Tax Assessment is the *lis mota* of *Marcos II*, the Court is behooved to examine the far-reaching implication of a supervening event *vis-à-vis* the execution of *Marcos II*. Parenthetically, there is no denying that in *Republic vs. Sandiganbayan,*[2] the Supreme Court itself declared that the subject SMC Shares are the exclusive properties of Cojuangco, et al. In essence, the inclusion of aforesaid SMC Shares in the estate of the former President Marcos, Sr. is without legal mooring thereby affecting the validity of the 1991 Estate Tax Assessment itself.

Otherwise stated, the exclusion of the subject Cojuangco, et al. SMC Shares, in itself, bears a substantial impact on the computation on the estate tax assessed in the 1991 Estate Tax Assessment. The effect would be far greater should other properties be also excluded in the gross estate. Thus, as pointed out by the Court in the Resolution resolving respondent's Motion for Reconsideration (Re: Decision dated 14 August 2025), the logical consequence is a re-computation of the estate tax due. This is necessary before respondent can actually initiate collection of the correct estate tax due against the estate of former President Marcos Sr.

In fine, the subject 1991 Estate Tax Assessment should be nullified for being intrinsically void, without prejudice to the issuance of

[1] G.R. No. 120880, June 5, 1997.
[2] G.R. No. 166859, April 12, 2011.

a new estate tax assessment that includes only the property or assets belonging to former President Marcos, Sr. at the time of his death.

Accordingly, I **VOTE** to: (1) **DENY** respondent Commissioner of Internal Revenue's **Motion for Reconsideration (Re: Decision dated 14 August 2025)** filed on August 29, 2025 for lack of merit; (2) **ENJOIN** respondent Commissioner of Internal Revenue from collecting from petitioner San Miguel Corporation the estate tax assessment issued against the estate of former President Ferdinand E. Marcos Sr. through levy or distraint of the Cojuangco et al. SMC Shares; and (3) **NULLIFY** the 1991 Estate Tax Assessment issued against the estate of former President Ferdinand E. Marcos Sr. for being intrinsically void, without prejudice to the issuance of a new estate tax assessment that includes only the properties or assets belonging to former President Ferdinand E. Marcos, Sr. at the time of his death.

ROMAN G. DEL ROSARIO
Presiding Justice