REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

CTA CASE NO. 10515

SONOMA SERVICES, INC.,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

NOTICE OF RESOLUTION

To:

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

ATTY. ALBERT C. ARPON
ATTY. CARL FITRI A. HUSSIN
ATTY. ABRILLIUS RAFFY C. LAGUESMA
ATTY. MARY ANTONETTE M. YU
Bureau of Internal Revenue - Revenue Region No. 8A-Makati City
36th Floor, Export Bank Plaza Building
Sen. Gil Puyat Ave. corner Chino Roces Ave.
Makati City

SALVADOR LLANILLO & BERNARDO
Units 1706-1711, 17th Floor, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
1226 Makati City

GREETINGS:

You are hereby notified by these presents that on **November 6, 2024,** a Resolution was rendered in the above-entitled case, copy of which is attached hereto.

Quezon City, Philippines, **November 7, 2024.**

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

REPUBLIC OF THE PHILIPPINES
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SONOMA SERVICES, INC.,
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COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA CASE NO. 10515

Members:

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

Promulgated:

NOV 0 6 2024 8:30AM

x -- x

RESOLUTION

DEL ROSARIO, P.J.:

This resolves respondent's **Motion for Reconsideration (Re: Decision dated July 2, 2024)**[1] filed on July 19, 2024, with petitioner's **Comment (Re: Respondent's Motion for Reconsideration)**[2] filed on August 20, 2024, which was submitted for resolution in the Minute Resolution dated August 29, 2024.[3]

Respondent seeks the reconsideration of the Court's Decision promulgated on July 2, 2024 (assailed Decision), the dispositive portion of which reads:

> "**WHEREFORE**, premises considered, the present Petition for Review is **GRANTED.** Accordingly, respondent Commissioner of Internal Revenue is **ORDERED** to **REFUND** or **ISSUE A TAX CREDIT CERTIFICATE** in the amount of **₱5,533,500.00**, in favor of petitioner Sonoma Services, Inc., representing its excess and unutilized creditable withholding taxes for CY 2018.

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[1] CTA Docket Vol. II, pp. 912-933.
[2] CTA Docket Vol. II, pp. 938-962.
[3] CTA Docket Vol. II, p. 963.

SO ORDERED."[4]

Respondent faults the Court in granting the refund in favor of petitioner in the amount of ₱5,533,500.00, representing its excess and unutilized creditable withholding taxes (CWT) for calendar year (CY) 2018. Respondent argues the following:

1. The Court lacks jurisdiction to take cognizance of petitioner's judicial claim for refund of its excess and unutilized CWTs for CY 2018 as it was filed beyond the prescriptive period;

2. Assuming that the Petition for Review was timely filed, petitioner is not entitled to a refund of excess and unutilized CWTs for CY 2018 for the following reasons:

   a. While petitioner opted for a refund, it also carried over the alleged overpayment to the succeeding period, which constitutes a constructive choice of the carry-over option as per *University Physicians Services, Inc. - Management, Inc. vs. Commissioner of Internal Revenue (University Physicians)*;[5]

   b. Petitioner failed to establish its entitlement to refund of excess and unutilized CWTs for CY 2018:

      i. The Court erred in relying on the suspension of the period for filing of petitions under Administrative Circular Nos. 22-2021 and 29-2021, as Section 229 of NIRC of 1997, as amended, mandates strict compliance with the two (2)-year prescriptive period;

      ii. The Court failed to address the inconsistencies noted by respondent, essential in proving the fact of withholding;

      iii. The Court overlooked discrepancies in petitioner's AITR and AFS for CY 2018, crucial for proving that the income payments upon which the CWTs were based were declared as part of gross income; and,

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[4] CTA Docket Vol. II, p. 911.
[5] G.R. No. 205955, March 7, 2018.

3. The Court erroneously reinstated tax credits from CY 2004 to the Annual ITR of CY 2013, which is inconsistent with Section 2.58.3(C) of Revenue Regulations No. 2-98, as amended.

In its Comment, petitioner prays for the Court to deny respondent's motion. It counter-argues the following:

1. The Motion for Reconsideration is a mere rehash of the defenses and arguments already disposed of by the Court in its assailed Decision;

2. Petitioner's administrative and judicial claims for refund of excess and unutilized CWTs for CY 2018 were filed within the two (2)-year prescription period; and,

3. Petitioner has sufficiently proven its entitlement to a refund or issuance of a tax credit certificate (TCC).

THE COURT'S RULING

After due deliberation, the Court finds respondent's Motion for Reconsideration patently frivolous.

Apart from respondent's assertion that the two (2)-year prescribed period for filing judicial claims for refund is not affected by any supervening event, including the COVID-19 pandemic, respondent merely repeats the very same arguments raised in his Answer and Memorandum, which have been considered and found unmeritorious in the assailed Decision.

Petitioner's Petition for Review[6] was filed electronically on April 14, 2021. In accordance with CTA *En Banc* Resolution No. 4-2021, petitioner had until April 19, 2021 within which to submit the physical copies of the petition and the proof of payment of filing fees. In a series of Administrative Circulars,[7] the Supreme Court suspended the time for filing of court submissions in light of the COVID-19 pandemic. It was only on May 17, 2021, per SC Administrative Circular No. 33-2021, that the courts physically reopened. Notably, the SC Administrative Circulars provided that the time for filing of pleadings/motions will resume after seven (7) calendar days, counted from the first day of reopening.

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[6] CTA Docket Vol. I, pp. 10-151.
[7] Supreme Court Administrative Circular No. 21-2021, 22-2021, and 29-2021.

Petitioner submitted the physical copies and the proof of payment of filing fees on May 18, 2021. Respondent argues that since the law provides for a two (2)-year prescriptive period from the payment of tax "regardless of any supervening cause," and CTA *En Banc* Resolution No. 4-2021 requires that electronically filed submissions must be followed by physical copies and proof of payment of filing fees within five (5) calendar days, petitioner's non-submission of the physical documents and proof of payment of filing fees on April 19, 2021 constitutes failure to file the judicial claim within the prescriptive period.

The Court clarifies this point: under CTA *En Banc* Resolution No. 4-2021, a court submission is deemed filed on the date it is electronically filed, provided that the physical copies and the proof of payment of filing fees are submitted within the required five (5)-day period. Therefore, if it is established that petitioner complied with the provisions of the CTA *En Banc* Resolution, the date of filing would be reckoned back to April 14, 2021, which is within the two (2)-year prescriptive period mandated by the NIRC of 1997, as amended.

The question now is whether or not the Supreme Court (SC) Administrative Circulars provide a valid basis for allowing the late filing of the physical copies and the proof of payment of filing fees.

The Court rules in the affirmative.

The SC Administrative Circulars are binding upon this Court, as the Supreme Court holds administrative supervision over all courts and possesses the authority to promulgate rules concerning pleading, practice, and procedure therein.[8] In compliance with the SC Administrative Circulars,[9] which suspended deadlines for court submissions, the time for filing court documents only resumed seven (7) days after the courts reopened, or on May 24, 2021. Accordingly, petitioner's submission of physical copies on May 18, 2021, was timely.

Since petitioner complied with the conditions outlined in CTA *En Banc* Resolution No. 4-2021, the Petition for Review is considered to have been filed within the two (2)-year prescriptive period. It would be inequitable to penalize petitioner for failing to meet procedural requirements when it was impossible to comply due to court closures.

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[8] Sections 6 and 5(5), Article VIII, 1987 Constitution.
[9] Supreme Court Administrative Circular Nos. 22-2021 and 29-2021.

Thus, the Court finds no cogent reason to modify or reverse its assailed Decision.

WHEREFORE, premises considered, respondent's Motion for Reconsideration is **DENIED** for lack of merit.

SO ORDERED.

ROMAN G. DEL ROSARIO
Presiding Justice

WE CONCUR:

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

LANEE S. CUI-DAVID
Associate Justice