REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

COMMISSIONER OF INTERNAL REVENUE, Petitioner,	**CTA EB NO. 2628** (CTA Case No. 9302)
- versus -	Present: **RINGPIS-LIBAN,** *Acting PJ,* **MANAHAN, BACORRO-VILLENA, MODESTO-SAN PEDRO, REYES-FAJARDO, CUI-DAVID, FERRER-FLORES,** *and* **ANGELES** *JJ.*
METRO MAIN STAR ASIA CORP., Respondent.	Promulgated: NOV 06 2025 3:52 p.m.

x- -x

JUDGMENT BASED ON COMPROMISE AGREEMENT

FERRER-FLORES, J.:

Before this Court is the parties' *Joint Motion to Render Judgment Based on Compromise Agreement*[1] filed on July 29, 2024 praying that a judgment be rendered in this case based on the compromise agreement.

To recall, petitioner filed the *Petition for Review*[2] before the Court *En Banc* on June 17, 2022, with respondent filing its *Comment [On the Petition for Review]* on July 28, 2022.[3]

In the Resolution dated August 17, 2022, the Court referred the case to the Philippine Mediation Center-Court of Tax Appeals (PMC-CTA) for mediation. The parties were then directed to personally appear before the

[1] *Rollo*, pp. 108-112.
[2] *Rollo*, pp. 17-22.
[3] *Id.*, at 60-69.

PMC-CTA on September 28, 2022. In the meantime, the Court proceedings were suspended for 30 days from date of preliminary mediation conference. This was further extended for another 30 days upon the request of the PMC-CTA.[4]

On February 14, 2023, the parties filed a *Joint Manifestation and Motion* indicating that the parties have exerted sincere efforts to complete the compromise settlement, however, owing to the appointment of the new Commissioner of Internal Revenue (CIR), the latter needed some time to update himself of all the cases submitted to his office for his action which were turned over by the previous CIR. Respondent manifested that it had already paid 66% of ₱15,000,000.00, the increased offer of compromise. The compromise offer was still for the evaluation of the National Evaluation Board (NEB). The parties, thus, prayed that the proceedings be suspended for another 60 days from January 18, 2023.

The Court, in the Resolution dated March 27, 2023 granted the parties' Joint Motion and suspended the proceedings for 60 days. The parties were ordered to submit the duly signed Compromise Agreement, together with the necessary motion for its approval and documents showing the authority of their representatives to enter into such compromise, as well as the approval of the NEB, within 10 calendar days from the expiration of the 60-day period, or earlier, if the same shall become available.

The Records Verification Report dated July 6, 2023 stated that the parties have failed to submit the Compromise Agreement. The Court then lifted the suspension of proceedings and submitted the instant case for decision in the Resolution dated August 3, 2023.

Prior to the Court *En Banc*'s rendition of judgment in the instant case, the parties filed the *Joint Motion to Render Judgment Based on Compromise Agreement*.

The parties aver in the motion that on June 2, 2024 and May 21, 2024, respectively, the parties through Hon. Commissioner Romeo D. Lumagui representing the Bureau of Internal Revenue (BIR) and Mr. Dhinno Francis S. Tiu, as representative of respondent, entered into a Judicial Compromise Agreement (JCA).

In the Minute Resolution dated August 2, 2024, the Court *En Banc* noted that the filing of the *Joint Motion to Render Judgment Based on Compromise Agreement* was not accompanied by the attachments referred to in the motion. The parties were, thus, given five days from notice to submit

4 Resolution dated January 18, 2023, *Rollo*, pp. 76-77.

the corresponding attachments. In the meantime, the promulgation of the Decision in CTA EB No. 2628 was held in abeyance.

Petitioner CIR filed a *Compliance* on August 5, 2024 and attached the following documents:

1. Original copy of the notarized *Judicial Compromise Agreement* signed by Commissioner Romeo D. Lumagui, Jr. and Mr. Dhinno Francis S. Tiu, respondent's authorized representative;

2. Payment Form (BIR Form No. 0605) with Reference No. 29160007983108 dated December 29, 2016 showing the payment of ₱9,099,023.26 for value-added tax (VAT) covering the calendar year (CY) 2010;

3. Acknowledgment receipt of payment in the amount of ₱9,099,023.26 corresponding to Payment Form Reference No. 29160007983108;

4. Acknowledgment receipt of payment in the amount of ₱806,830.49 corresponding to Payment Form Reference No. 291600014681960;

5. Payment Form (BIR Form No. 0605) with Reference No. 291600014681960 dated March 16, 2016 indicating the payment of ₱806,830.49 for expanded withholding tax covering CY 2010;

6. Original copy of the Secretary's Certificate authorizing Mr. Tiu as its signatory and representative in handling tax cases, including the execution of waiver, including any compromise agreement and other related documents in connection with the tax audit examination by the BIR for CY 2010;

7. Payment Form (BIR Form 0605) with Reference No. 292400059877438 dated May 16, 2024 showing the payment of ₱2,278,234.66 for income tax covering CY 2010;

8. Acknowledgment receipt of payment in the amount of ₱2,278,234.66 corresponding to Payment Form Reference No. 292400059877438;

9. Payment Form (BIR Form 0605) with Reference No. 292400059877600 showing payment of ₱205,390.10 for VAT covering the fourth quarter of CY 2010;

10. Acknowledgment receipt of payment in the amount of ₱205,390.10 corresponding to Payment Form Reference No. 292400059877600;

11. Payment Form (BIR Form No. 0605) with Reference No. 292400059877738 dated May 16, 2024 showing the payment of ₱2,610,521.49 for expanded withholding tax for the fourth quarter of CY 2010; and,

12. Acknowledgment receipt of payment in the amount of ₱2,610,521.49 corresponding to Payment Reference No. 292400059877738.

Petitioner's *Compliance*, together with the attached supporting documents, were noted by the Court in the Resolution dated September 20, 2024. In the same Resolution, the Court *En Banc* required the parties to submit within 30 days from notice the Certificate of Availment confirming the approval of the compromise settlement by the NEB.

On October 28, 2024, petitioner filed a *Compliance* attaching the certified true copy of the Certificate of Availment (Compromise Settlement). The filing of the said *Compliance* is hereby **NOTED**.

In view of the foregoing, the Court *En Banc* now resolves the parties' *Joint Motion to Render Judgment Based on Compromise Agreement.*

The *Judicial Compromise Agreement* entered into by and between the parties reads as follows:

JUDICIAL COMPROMISE AGREEMENT

KNOWN ALL MEN BY THESE PRESENTS:

The **JUDICIAL COMPROMISE AGREEMENT ("Agreement")**, made and executed, by and between:

METRO MAIN STAR ASIA CORP. ("TAXPAYER"), a domestic corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office at SM Mall of Asia JW Diokno Blvd. CBP-1A Barangay 76 1300 Pasay City NCR, Fourth District Philippines, represented by its **AUTHORIZED REPRESENTATIVE, MR. DHINNO FRANCIS S. TIU**;

-and-

The **BUREAU OF INTERNAL REVENUE ("BIR")**, with principal office at Bureau of Internal Revenue, National Office Building, Agham

Road, Diliman, Quezon City, represented by the **Commissioner, HON. ROMEO D. LUMAGUI, JR** (collectively, the "**PARTIES**");

-Witnesseth That-

WHEREAS, the **BIR** issued to the **TAXPAYER** a Formal Letter of Demand ("FLD") dated December 16, 2014 for the year 2010 assessing the **TAXPAYER** alleged deficiency taxes for an aggregate amount of PhP841,020,556.43;

WHEREAS, the **TAXPAYER** then filed with the **BIR** its Protest on January 20, 2015 disputing the **FLD** dated December 16, 2014;

WHEREAS, on November 5, 2015 the **BIR** issued a FINAL DECISION ON DISPUTED ASSESSMENT ("**FDDA**"), which denied the Protest filed by the **TAXPAYER** but reducing the assessment into an aggregate amount of PhP452,313,905.49;

WHEREAS, on December 4, 2015, the **TAXPAYER** filed its Motion for Reconsideration before the CIR, appealing the FDDA and requesting the cancellation of the assessment;

WHEREAS, the BIR issued a Revised FDDA which denied the motion and demanded the immediate payment of the assessed deficiency taxes;

WHEREAS, the **TAXPAYER** instituted an action against the **BIR** entitled ***"Metro Main Star Asia Corp. vs. Commissioner of Internal Revenue***", docketed as CTA Case No. 9302, pending before the Honorable Third Division of the Court of Tax Appeals ("**CTA**"), seeking the reversal of the **FDDA,** and the cancellation of the **FLD**;

WHEREAS, in 2016, the **TAXPAYER** made the following payments in relation to its deficiency tax liabilities for taxable year 2010:

Tax Type	Amount Paid	Date of Payment
VAT	9,099,023.26	December 29,2016
WE	806,830.49	March 17, 2016
Total	**9,905,853.75**	

Copies of the Payment Forms and Acknowledgement Receipts are attached herein as Annex "A".

WHEREAS, the CTA rendered a Decision dated 26 January 2022 cancelling and setting aside BIR's assessment for being null and void.

WHEREAS, considering that his Motion for Reconsideration assailing the Decision dated 26 January 2022 was denied by the Honorable Third Division of the CTA, the BIR filed a Petition for Review before the CTA *En Banc* docketed as CTA EB No. 2628;

WHEREAS, pending the resolution of the *En* Banc case, the **TAXPAYER** has submitted to the BIR a **Proposal for Amicable**

Settlement dated 12 October 2022 for the alleged deficiency tax assessment contained in the FLD and FDDA;

WHEREAS, the BIR has evaluated the **TAXPAYER'S** proposal for amicable settlement and believes that a judicial compromise be approved to allow immediate tax collection and also put an end to litigation as provided in the Civil Code of the Philippines, serves the interest of the Government;

WHEREAS, the **PARTIES** have agreed to enter into an amicable settlement pursuant to the provisions of the Civil Code of the Philippines, jurisprudence, relevant decisions of the Honorable CTA, and relevant laws on judicial compromise without contravening law, morals, public order and public policy;

WHEREAS, the Honorable CTA has issued rulings allowing judicial compromises similar to the instant case.

WHEREAS, the **PARTIES**, for the purpose of avoiding and putting an end to a protracted, expensive and mutually prejudicial litigation, have agreed to amicably settle the above-mentioned case, upon terms and conditions hereinafter set forth;

NOW, THEREFORE, for and in consideration of the foregoing premises, the **PARTIES** hereto have agreed as follows:

Section 1. Judicial Compromise Amount. In order to settle the above-mentioned case, the **TAXPAYER** has offered and the **BIR** has accepted the total payment of **Fifteen Million Pesos ("Judicial Compromise Amount")**. This amount includes the previous tax payments in 2016, previously paid to the BIR and receipt of which is duly acknowledged.

Section 2. Submission to the Honorable CTA. This Agreement fully signed by the **PARTIES** shall be submitted for the approval of the Honorable CTA in CTA EB No. 2628 (CTA Case No. 9302). The PARTIES undertake to perform any and all acts, and submit any and all documents required by the Honorable CTA to be able to render a **Judgment by Compromise Agreement** in the said case.

Section 3. Effectivity of the Agreement. This Agreement shall take effect and bind the **PARTIES** upon approval by the Honorable CTA. This **Agreement** shall thereafter remain in force and effect until completion and fulfillment of the covenants and undertaking of the **PARTIES** hereto.

Section 4. Deliverables of the PARTIES upon approval of this Agreement by the Honorable CTA. Upon final approval by the Honorable CTA of this Agreement the BIR undertakes to execute and deliver to the Taxpayer any and all documents as may be required to effectively and fully implement the provisions of this Agreement, withdrawing and cancelling the **FAN** dated December 16, 2014 and the **Revised FDDA**.

Section 5. Authority to Enter Compromise Agreement. The **BIR**, through Commissioner Romeo D. Lumagui, Jr. warrants that he has the necessary authority and capacity under the law to enter, sign, and execute this Agreement, and to deliver its implementing documents upon its approval of the Honorable CTA.

The **TAXPAYER** warrants that, **MR. DHINNO FRANCIS S. TIU**, is duly authorized by the Board of Directors of the **TAXPAYER** and has full legal capacity to enter, sign, and execute this Agreement, and to deliver payment of the above-agreed additional amount.

Section 6. Full and Final Settlement. This Agreement is executed by the **PARTIES** for the purpose of amicably settling and ending CTA EB No. 2628 (CTA Case No. 9302). Upon approval by the court, the BIR recognizes the full satisfaction of the supposed tax liability of the **TAXPAYER** in connection with CTA EB No. 2628 (CTA Case No. 9302) and acknowledges that the **TAXPAYER** no longer has any tax liability whatsoever based upon, arising from or in connection with the particular subject of CTA EB No. 2628 (CTA Case No. 9302).

Section 7. Disapproval of this Agreement by the Honorable CTA. In the event that this **Agreement** is disapproved by the Honorable CTA, the **PARTIES** agree to a curing period of sixty (60) days from receipt of the Order/Resolution disapproving this Agreement. During such curing period, the **PARTIES** mutually agree to perform any and all acts necessary to rectify or correct the deficiency, defect or imperfection which caused its disapproval, and re-submit the rectified or corrected Agreement for approval of the Honorable CTA. However, in case of deficiency, defect or imperfection is not or cannot be rectified or corrected within the said curing period, or still not approved by the Honorable CTA after it is rectified or corrected by the parties:

1. The amount already paid by the **TAXPAYER** to the BIR shall be deemed a tax credit which may be applied against internal revenue taxes for which the **TAXPAYER** may be directly liable, as allowed under existing rules and regulations; and

2. The proceedings of CTA EB No. 2628 (CTA Case No. 9302) shall continue and the discussions pursuant to the disapproved Agreement cannot be used by the PARTIES in said proceeding unless consent of the other party be obtained.

Section 8. No Admission of Liability. The execution of this **Agreement** shall not constitute or be interpreted in any way as an admission or acknowledgement of error or liability by the PARTIES.

Section 9. Non-Performance. The **PARTIES** agree that the failure of any **PARTY** to comply with any of the terms and conditions of this Agreement shall entitle the aggrieved **PARTY** to file an appropriate motion with the Honorable CTA for the immediate implementation and execution of the terms and conditions of this Agreement or the judgment or order of the Honorable CTA approving the same.

Section 10. Signatures and Counterparts. This Agreement may be signed in counterparts, each of which when executed and delivered shall constitute a duplicate original, but all of which shall be taken together as a single instrument. Until and unless each party has received a counterpart hereof signed by the other party hereto, the Agreement shall have no effect and no party shall have any right or obligation hereunder.

IN WITNESS WHEREOF, the **PARTIES** hereto have mutually and voluntarily agreed to the foregoing stipulations and have hereunto signed these presents at the date and place indicated above.

METRO MAIN STAR ASIA CORP.	**BUREAU OF INTERNAL REVENUE**
By:	By:
(Sgd.)	(Sgd.)
MR. DHINNO FRANCIS S. TIU	**ROMEO D. LUMAGUI, JR.**

A compromise agreement is a contract whereby the parties, by making reciprocal concessions, avoid a litigation or put an end to one already commenced. According to Article 2029 of the *Civil Code*, the court shall endeavor to persuade the parties in a civil case to agree upon some fair compromise. The contracting parties may establish such stipulations, clauses, terms and conditions as they may deem convenient, provided such stipulations, clauses, terms and conditions are not contrary to law, morals, good customs, public order, or public policy. [5]

The Court *En Banc* finds that the Judicial Compromise Agreement executed by the parties, as well as the documents in support thereof, in order and in compliance with established laws, rules and regulations. Likewise, the Judicial Compromise Agreement is not contrary to law, morals, good customs, public order or public policy.

As a final word, the parties are reminded that a compromise agreement intended to resolve a matter already under litigation is a judicial compromise. Having judicial mandate and entered as its determination of the controversy, it has the force and effect of a judgment. It transcends its identity as a mere contract between the parties as it becomes a judgment that is subject of execution in accordance with the Rules of Court. Thus, a compromise agreement that has been made and duly approved by the court attains the effect and authority of res judicata, although no execution may be issued unless the agreement receives the approval of the court where the litigation is pending and compliance with the terms of agreement is decreed.

WHEREFORE, the parties' **Joint Motion to Render Judgment Based on Compromise Agreement** is **GRANTED**.

Accordingly, the **Judicial Compromise Agreement** between petitioner Commissioner of Internal Revenue and respondent Metro Main Star

---

5 *Asset Pool A (SPV-AMC), Inc. v. Clark Development Corp.*, G.R. No. 205915 (Judgment), November 10, 2015.

Asia Corp. is **APPROVED** and judgment is hereby rendered in accordance therewith. Therefore, the proceedings in the instant case is deemed **CLOSED** and **TERMINATED.**

SO ORDERED.

CORAZON G. FERRER-FLORES
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

CATHERINE T. MANAHAN
Associate Justice

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

HENRY S. ANGELES
Associate Justice

CERTIFICATION

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
Acting Presiding Justice