REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

JOSELITO M. LIZARONDO, Petitioner,	**CTA EB NO. 2993** (CTA Case No. 11297)
- versus -	Present: **RINGPIS-LIBAN,** Acting *P.J.*, **MANAHAN, BACORRO-VILLENA, MODESTO-SAN PEDRO, REYES-FAJARDO, CUI-DAVID, FERRER-FLORES,** *and* **ANGELES,** *JJ.*
COMMISSIONER OF INTERNAL REVENUE, Respondent.	Promulgated: NOV 21 2025 3:50 p.m.

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DECISION

RINGPIS-LIBAN, *J.*:

The Case

Before the Court is a Petition for Review praying for (a) the reversal of the Resolution[1] dated May 24, 2024 and Resolution[2] dated August 20, 2024 ("Assailed Resolutions") of the Court of Tax Appeals First Division ("First Division") dismissing the case for lack of jurisdiction, and (b) the remand of the case to the court *a quo* for the determination of Petitioner's entitlement to his claim for refund of erroneous capital gains tax ("CGT") payment.

The Parties

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[1] Promulgated by Presiding Justice Roman G. Del Rosario, Associate Justice Jean Marie A. Bacorro-Villena, and Associate Justice Lanee S. Cui-David. Docket, pp. 504-512.

[2] Promulgated by Presiding Justice Roman G. Del Rosario, Associate Justice Jean Marie A. Bacorro-Villena, and Associate Justice Lanee S. Cui-David. Docket, pp. 548-551.

Petitioner is Filipino, of legal age, with residence at 175 A Mabini St. Barangay Pinagbakahan, Malolos City, Bulacan.[3]

Respondent is charged with the assessment and collection of all national internal revenue taxes, fees and charges, and enforcement of all forfeitures, penalties and fines connected therewith. He may be served with summons and other court processes at the Bureau of Internal Revenue ("BIR") Revenue Region No. 5 – Caloocan City Regional Office Bldg. General Concepcion St. Caloocan City.[4]

The Facts

The facts as stipulated by the parties during the proceedings in the First Division are as follows:

> "1. Petitioner was the President and CEO and owner of 2,059,999 common shares in SwipeWallet Inc. ('Swipe'), a Philippines with address at Unit 808, One Park Drive Building, 9th corporation duly organized under the laws of the Republic of the Avenue Corner 11th Drive, Bonifacio Global City, Taguig.
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> 2. On 26 January 2022, Petitioner entered into a Share Purchase Agreement ('SPA') with Binance Capital Management Co. Ltd. ('Binance') represented by a Mr. Changpeng Zhao. Under the SPA, Binance agreed to purchase all of Petitioner's share in Swipe.
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> 3. For the sale of Petitioner's shares of stock in Swipe, the parties agreed to a purchase price of up to Forty Million USD (USD 40,000,000) (Section 3.1 of the SPA), to be paid to Petitioner in four (4) tranches (Section 3.2 of the SPA) upon the fulfillment of certain conditions and/or obligations set forth in the SPA (Section 4 of the SPA).
>
> 4. Petitioner received the first and second tranche of payments, *i.e.* the aggregate of 20,000,000 Binance USD, equivalent to Twenty Million USD (USD 20,000,000), on the following dates:

	In Binance USD
3 March 2022	1,000
4 March 2022	9,999,000

[3] Rollo, Petition for Review, Parties, p. 2.
[4] *Id.*, Petition for Review, Parties, p. 3.

4 May 2022	1,000
6 May 2022	9,999,000
Total	**20,000,000**

5. On 12 July 2022, Petitioner and Binance executed, in counterparts, Deeds of Absolute Sale ('DOAS') to document the sale of Petitioner's 2,059,999 common shares of stock in Swipe Binance.

6. On 14 July 2022, Petitioner and Binance executed a Letter of Amendment to the SPA dated 26 January 2022. Under this letter of amendment, the parties agreed to:

a. Proceed to Closing;
b. Waive the Closing Conditions Precedent set out in Sections 4.2(e), 4.2(f) and 4.2(g) of the SPA as a condition for the payment of the Second Tranche Payment,
c. Amend Section 4.5 of the SPA to include the Closing Conditions Precedent in the requirements for the payment of the Third Tranche Payment;
d. Insert the words 'or BUSD' (Binance USD) immediately after the words 'other available funds' in the lead-in paragraph to Section 3.2 of the SPA.

7. On 23 July 2022, Petitioner received from Binance Three Million Binance USD (3,000,000 Binance USD), equivalent to Three Million USD (USD 3,000,000).

8. On 27 July 2022, within the deadline for filing the CGT Return, *i.e.* thirty (30 days) after each sale and which in this case is within thirty (30) days from the execution of the DOAS on 12 July 2022, Petitioner filed a CGT Return (BIR Form No. 1707) with Respondent at Revenue District Office ('RDO') No. 25A - West Bulacan as a result of the sale transaction. Since the purchase price was in USD currency, Petitioner converted the purchase price into Philippine Pesos (Php) using the prevailing conversion rate provided in the Bangko Sentral ng Pilipinas (BSP) Reference Exchange Rate Bulletin on 12 July 2022, the date the Deed of Absolute Sale was executed.

9. Subsequently, on 29 July 2022, Petitioner paid Respondent **Three Hundred Thirty-Five Million Three Hundred Seventy-Three Thousand Pesos** (Php 335,373,000), representing the CGT due on the transfer of shares, computed as follows:

PARTICULARS	AMOUNT IN PESO
Selling Price	2,237,880,000
Less: Acquisition Cost	2,059,999
Gain	2,235,820,001
Computation of Tax	
Multiplied by: CGT Rate	15%
CGT Due:	335,373,000

10. On 2 August 2022, Respondent BIR issued electronic Certificate Authorizing Registration ('eCAR') No. eCP201300066189 for the sale/transfer of shares from Petitioner to Binance.

11. On 6 September 2022, Petitioner and Binance executed another Letter of Amendment to the SPA dated 26 January 2022. Under this letter of amendment, the parties agreed to restructure the third tranche payment by splitting it into two tranches, *i.e.* the third tranche payment, subject to the fulfillment of the conditions in Section 4.4 (a) and Section 4.4 (c) of the SPA, shall be paid in two (2) tranches, a tranche payment of Six Million USD (USD 6,000,000) and Four Million USD (USD 4,000,000).

12. Petitioner received the third tranche of payment of 10,000,000 Binance USD, equivalent to USD 10,000,000, on the following dates:

	In Binance USD
17 September 2022	100
19 September 2022	5,999,900
Total	**6,000,000**

	In Binance USD
25 October 2022	100
25 October 2022	3,999,900
Total	**4,000,000**

13. On 29 November 2022, to comply with Post-Closing Obligations II provided under Section 4.4 of the SPA, Petitioner provided Binance an action plan relating to Swipe and its business and the full details of Swipe's token allocation.

14. Binance did not approve such token allocation and the said action plan. In view thereof, Post-Closing Obligations II in the SPA was deemed not complied with by Petitioner.

15. Following the non-compliance of the Post-Closing Obligations II, Binance and Petitioner came to an agreement to reduce the purchase price from Forty Million USD (USD 40,000,000) to Thirty Seven Million USD (USD 37,000,000).

16. On 1 December 2022, due to the non-compliance of Petitioner with Post-Closing Obligations II of the Original SPA, Petitioner and Binance executed another Letter of Amendment to the SPA dated 26 January 2022. Under this letter of amendment, the parties mutually agreed, after negotiations, to reduce the Purchase Price to Thirty Seven Million USD (USD 37,000,000).

17. On 8 December 2022, Petitioner received from Binance, a total of Four Million Binance USD (4,000,000 Binance USD), equivalent to Four Million USD (USD 4,000,000), the breakdown of which is shown below:

	In Binance USD
8 December 2022	1000
	3,999,000
Total	**4,000,000**

18. The aggregate of the aforementioned Four Million Binance USD (4,000,000 Binance USD) together with the Three Million Binance USD (3,000,000 Binance USD) which was received by the Petitioner on 23 July 2022, *i.e.* Seven Million Binance (USD USD 7,000,000) and is equivalent to Seven Million USD (USD 7,000,0000) represents the fourth and final tranche of payment.

19. In summary, the total consideration received by Petitioner as payment for the sale of all his shares of stock in Swipe to Binance is Thirty Seven Million Binance USD (37,000,000 Binance USD), *i.e.* equivalent to Thirty Seven Million USD (USD 37,000,000).

20. To document the reduction in the purchase price pursuant to the Third Letter of Amendment, on 29 December 2022 and 17 January 2023, Petitioner and Binance, respectively, executed an Amended DOAS in counterparts. The said Amended DOAS reflected the amended purchase price of Thirty Seven Million USD USD 37,000,000).

21. On 17 January 2023, Binance issued a Board Resolution confirming the following:

a. The authority of the Binance's officers, directors, and representatives to take any and all actions necessary to complete the acquisition of Petitioner's shares in SwipeWallet Inc.; and
b. Authority of Mr. Changpeng Zhao to negotiate, settle, approve, and execute for and on behalf of Binance any other agreement, document or deed considered necessary or desirable in connection with or incidental to the transaction or any amendments thereto.

22. In view of the reduction of the purchase price, Petitioner, through its external consultant, Isla Lipana & Co., filed an Application for Refund of Erroneously Paid Capital Gains Tax with BIR RDO No. 25A-West Bulacan on 8 February 2023.

23. In its application, Petitioner presented the following computation with regard to the actual amount of CGT paid, and the amount of the overpaid CGT:

PARTICULARS	**AMOUNT IN PESO**
Selling Price per Amended DOAS	2,070,039,000.00
Less: Acquisition Cost	2,059,999.00
Gain	2,067,979,001.00
Computation of Tax	
Multiplied by: CGT Rate	15%
CGT Due	310,196,850.15
Less: CGT Paid	335,373,000.00
Erroneously Paid/Overpaid CGT	(25,176,149.85)

In determining the overpayment, the BSP rate of exchange of PHP 55.947 to USD 1 which was prevailing on the date of signing the DOAS on 12 July 2022 was also used as the basis.

24. On 23 May 2023, Petitioner received a letter from BIR RDO No. 25A - West Bulacan dated 22 February 2023, informing him that the refund application was forwarded to the Legal Division of BIR Revenue Region No. 5 Caloocan City to seek the latter's opinion on the validity of the refund.

> 25. On 4 July 2023, Petitioner filed a Supplemental Letter to BIR Revenue Region No. 5 Caloocan City to provide clarifications, additional information and documents to support the claim for refund of Petitioner's overpaid CGT.
>
> 26. On 3 October 2023, Petitioner received a letter from Respondent dated 12 September 2023 denying his application for refund of erroneously paid CGT."[5]

On October 27, 2023, Petitioner filed a Petition for Review[6] which was eventually raffled to the First Division.

The Ruling of the First Division

On May 24, 2024, the First Division promulgated the Resolution dated May 24, 2024 granting Respondent's Motion to Dismiss incorporated in his Answer, the dispositive portion of which reads:

> "**WHEREFORE**, premises considered, respondent's Motion to Dismiss incorporated in his Answer filed on January 12, 2024, is **GRANTED**. The Petition for Review filed on October 27, 2023 is **DISMISSED** for lack of jurisdiction.
>
> **SO ORDERED.**"[7]

Aggrieved, Petitioner filed a "Motion for Reconsideration (*Re: Resolution dated 24 May 2024*)"[8] on June 10, 2024, which the First Division denied in the Resolution dated August 20, 2024, to wit:

> "**WHEREFORE**, premises considered, Petitioner's **Motion for Reconsideration (Re: Resolution dated 24 May 2024)** is **DENIED** for lack of merit.
>
> **SO ORDERED.**"[9]

The Proceedings in the Court of Tax Appeals En Banc

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[5] Docket, Joint Stipulation of Facts and Issues, Stipulation of Facts, pp. 485-490.
[6] *Id.*, pp. 7-31.
[7] *Id.*, Resolution dated May 24, 2024, p. 512.
[8] *Id.*, pp. 513-527.
[9] *Id.*, Resolution dated August 20, 2024, pp. 550-551.

On September 13, 2024, the instant "Petition for Review (Re: Resolution dated 20 August 2024)"[10] was filed.

On November 12, 2024, the Court issued a Minute Resolution[11] directing Petitioner to submit the Affidavit of Service of the petition, within five (5) days from notice.

On November 21, 2024, Petitioner filed its "Compliance with Submission (Re: Notice dated 11 November 2024)"[12], with attached Affidavit of Service.

On January 07, 2025, a Minute Resolution[13] was issued:

1) Noting the Compliance with Submission (Re: Notice dated 11 November 2024)"; and

2) directing Respondent to file his comment on the "Petition for Review (Re: Resolution dated 20 August 2024)" within ten (10) days from notice.

On January 23, 2025, Respondent filed his "Comment/Opposition (Re: Petition for Review En Banc)"[14]. Thus, on February 05, 2025, a Minute Resolution was issued submitting the instant case for decision.

Assignment of Error

Petitioner raises a single ground in support of its petition – the Honorable Court of Tax Appeals ("CTA") First Division erred in dismissing Petitioner's claim for refund of his erroneously paid CGT, in the aggregate amount of Php25,176,149.85, on the ground of lack of jurisdiction.[15]

The Arguments of the Parties

Petitioner avers that jurisdiction on judicial claims for refund under Section 229 of the National Internal Revenue Code ("NIRC") of 1997, as amended, is not predicated on either the denial or inaction of Respondent on the administrative claim. According to Petitioner, a filed administrative claim for refund is sufficient for the CTA Division to acquire jurisdiction.

[10] Rollo, pp. 1-22. Record shows that Petitioner received the Resolution dated August 20, 2024 on August 29, 2024; Docket, p. 547.
[11] *Id.*, p. 44.
[12] *Id.*, pp. 45-49.
[13] *Id.*, p. 51.
[14] *Id.*, pp. 52-55.
[15] *Id.*, Petition for Review, Assignment of Errors [*sic*], p. 8.

Petitioner maintains that he validly filed his administrative claim with BIR Revenue District Office ("RDO") No. 25A-West Bulacan, and both his administrative and judicial claims were filed within the two-year prescriptive period.

Also, Petitioner asserts that there is no law or jurisprudence which supports the position that the exhaustion of an administrative claim for tax refund is a condition precedent that must be completely acted upon by the BIR before a judicial claim for refund may be filed by the taxpayer.

Additionally, Petitioner alleges that the case of *Commissioner of Internal Revenue v. Carrier Air Conditioning Philippines, Inc.*[16] ("*CIR v. Carrier*") is not confined to refund claims where the two-year prescriptive period to file a judicial claim is about to expire, but to all refund claims falling under Section 229 in relation to Section 204 of the NIRC of 1997, as amended.

Lastly, Petitioner points out that Revenue Memorandum Order ("RMO") No. 30-2018 and Revenue Memorandum Circular ("RMC") No. 17-2018 merely provided the guidelines for the processing of administrative claims for erroneously paid taxes and are insufficient to address the silence of Sections 204 and 229 of the Tax Code as to the requirement of the action or denial of the Commissioner of Internal Revenue ("CIR"), before a judicial claim is filed before the CTA Division.

On the other hand, Respondent contends that the petition is a mere rehash of the previous allegations raised before the CTA First Division. According to Respondent, there are no new matters or material allegations raised before the CTA *En Banc*.

Respondent manifests that for lack of jurisdiction, the CTA *En Banc* has no other option but to dismiss the case and that it cannot rule on the merits of the case.

The Ruling of the Court

Timeliness of Petition

The Court in Division issued the Resolution denying Petitioner's "Motion for Reconsideration (*Re: Resolution dated 24 May 2024*)" on August 20, 2024. Petitioner received said Resolution on August 29, 2024.[17] Pursuant to Rule 4,

[16] G.R. No. 226592, July 27, 2021.
[17] Docket, p. 547.

Section 2(a)(1)[18] in relation to Rule 8, Section 3(b)[19] of the Revised Rules of the Court of Tax Appeals[20] (RRCTA), Petitioner had fifteen (15) days from date of receipt of the resolution or until September 13, 2024 within which to file his petition for review.

On September 13, 2024, Petitioner timely filed the present "Petition for Review (Re: Resolution dated 20 August 2024)". Hence, the Court *En Banc* validly acquired jurisdiction.

We now proceed to the merits of the case.

Provisions governing the refund of erroneously or illegally collected taxes

The crux of the controversy is whether or not the CTA First Division has jurisdiction over Petitioner's claim for refund of its alleged erroneously paid CGT.

The tax credit or refund of erroneously or illegally collected taxes by the BIR is governed by Sections 204(C) and 229 of the NIRC of 1997, as amended by Republic Act ("R.A.") No. 10963[21] and R.A No. 11534[22]. This was the applicable Tax Code then prevailing at the time when Petitioner's claim was filed, before the further amendment of the Code by R.A. No. 11976[23].

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[18] **Sec. 2.** *Cases within the jurisdiction of the Court en banc.* — The Court *en banc* shall exercise exclusive appellate jurisdiction to review by appeal the following:

(a) Decisions or resolutions on motions for reconsideration or new trial of the Court in Divisions in the exercise of its exclusive appellate jurisdiction over:

xxx xxx xxx

(1) Cases arising from administrative agencies – Bureau of Internal Revenue, Bureau of Customs, Department of Finance, Department of Trade and Industry, Department of Agriculture; x x x

[19] **Sec. 3.** *Who may appeal; period to file petition.* — x x x

(b) A party adversely affected by a decision or resolution of a Division of the Court on a motion for reconsideration or new trial may appeal to the Court by filing before it a petition for review within fifteen days from receipt of a copy of the questioned decision or resolution. Upon proper motion and the payment of the full amount of the docket and other lawful fees and deposit for costs before the expiration of the reglementary period herein fixed, the Court may grant an additional period not exceeding fifteen days from the expiration of the original period within which to file the petition for review. (Rules of Court, Rule 42, sec. 1a)

[20] A.M. No. 05-11-07-CTA, November 22, 2005.

[21] Also known as the Tax Reform for Acceleration and Inclusion (TRAIN) Law, December 19, 2017.

[22] Also known as the Corporate Recovery and Tax Incentives for Enterprises Act or CREATE Law, March 26, 2021.

[23] Also known as the Ease of Paying Taxes Act, January 05, 2024.

The provisions read as follows:

"**SEC. 204.** ***Authority of the Commissioner to Compromise, Abate and Refund or Credit Taxes.*** —

The Commissioner may —

xxx xxx xxx

(C) Credit or refund taxes erroneously or illegally received or penalties imposed without authority, refund the value of internal revenue stamps when they are returned in good condition by the purchaser, and, in his discretion, redeem or change unused stamps that have been rendered unfit for use and refund their value upon proof of destruction. **No credit or refund of taxes or penalties shall be allowed unless the taxpayer files in writing with the Commissioner a claim for credit or refund within two (2) years after the payment of the tax or penalty**: *Provided, however*, That a return filed showing an overpayment shall be considered as a written claim for credit or refund.

A Tax Credit Certificate validly issued under the provisions of this Code may be applied against any internal revenue tax, excluding withholding taxes, for which the taxpayer is directly liable. Any request for conversion into refund of unutilized tax credits may be allowed, subject to the provisions of Section 230 of this Code: *Provided*, That the original copy of the Tax Credit Certificate showing a creditable balance is surrendered to the appropriate revenue officer for verification and cancellation: *Provided, further*, That in no case shall a tax refund be given resulting from availment of incentives granted pursuant to special laws for which no actual payment was made.

The Commissioner shall submit to the Chairmen of the Committee on Ways and Means of both the Senate and House of Representatives, every six (6) months, a report on the exercise of his powers under this Section, stating therein the following facts and information, among others: names and addresses of taxpayers whose cases have been the subject of abatement or compromise; amount involved; amount compromised or abated; and reasons for the exercise of power: *Provided*, That the said report shall be presented to the Oversight Committee in Congress that shall be constituted to determine that said powers are reasonably exercised and that the Government is not unduly deprived of revenues."[24]

"SEC. 229. ***Recovery of Tax Erroneously or Illegally Collected.*** — No suit or proceeding shall be maintained in any court for the recovery of any national internal revenue tax hereafter alleged to have been erroneously or illegally assessed or collected, or of any penalty claimed to have been collected without authority, or of any sum alleged to have been excessively or in any manner wrongfully collected, until a claim for refund or credit has been duly filed with the Commissioner; but such suit or proceeding may be maintained, whether or not such tax, penalty, or sum has been paid under protest or duress.

In any case, no such suit or proceeding shall be filed after the expiration of two (2) years from the date of payment of the tax or penalty regardless of any supervening cause that may arise after payment: *Provided, however,* That the Commissioner may, even without a written claim therefor, refund or credit any tax, where on the face of the return upon which payment was made, such payment appears clearly to have been erroneously paid."[25]

Based on the foregoing provisions, erroneously or illegally assessed or collected taxes may be credited or refunded provided that:

1) the taxpayer files an administrative claim for refund with the BIR within two (2) years after the payment of the tax;
2) the filing of a judicial claim for refund is preceded by the filing of an administrative claim for refund; and,
3) the filing of a judicial claim for refund is also made within two (2) years after the payment of the tax.

Thus, for the judicial claim for refund to prosper, Petitioner must prove these three (3) jurisdictional requisites.

In the case at bar, both Petitioner's administrative and judicial claims were filed within the two-year reglementary period. Moreover, the judicial claim was made after the filing of the administrative claim, as shown below:

	2-year prescriptive period		Administrative Claim	Judicial Claim
	Payment Date (START)	END		

[24] *Emphasis and underscoring supplied.*
[25] *Emphasis and underscoring supplied.*

CGT	July 29, 2022[26]	July 29, 2024	February 08, 2023[27]	October 27, 2023[28]

As such, Petitioner was able to prove the three (3) requisites under Sections 204 and 229 of the NIRC of 1997, as amended.

The court *a quo* however dismissed the original Petition for Review on the ground that the CIR has yet to render a decision on Petitioner's claim for refund. Since the letter dated 12 September 2023 denying Petitioner's application for refund of erroneously paid CGT was issued by Revenue District Officer Ranchez, and not the CIR or the Assistant Commissioner of Internal Revenue (ACIR) of the Assessment Service, the Court in Division ruled that this decision is not the decision referred to in Section 7(a)(1) of R.A. No. 1125, as amended, that is appealable to the CTA.

We do not agree with the interpretation of the CTA First Division.

It is a basic rule of interpretation that words and phrases used in the statute, in the absence of a clear legislative intent to the contrary, should be given their plain, ordinary and common usage or meaning.[29] The "plain meaning rule" or *verba legis* in statutory construction is that if the statute is clear, plain and free from ambiguity, it must be given its literal meaning and applied without interpretation. This rule derived from the maxim *Index animi sermo est* (speech is the index of intention) rests on the valid presumption that the words employed by the legislature in a statute correctly express its intention or will and preclude the court from construing it differently. The legislature is presumed to know the meaning of the words, to have used words advisedly, and to have expressed its intent by use of such words as are found in the statute. *Verba legis non est recedendum*, or from the words of a statute there should he no departure.[30]

Sections 204(C) and 229 of NIRC of 1997, as amended, provides in clear, unambiguous, and unequivocal terms that the only requirement to claim a tax credit or refund of erroneously paid taxes is to file the refund claim with the BIR and the CTA within two (2) years from the date of payment. Simply stated, the law fixed the same period of two (2) years for filing a claim for refund with the BIR and for filing a suit with the CTA, and if both acts fall within this period, then there is no legal impediment to the claim.

In *CIR v. Carrier*, the Supreme Court held:

[26] Docket, Joint Stipulation of Facts and Issues, Stipulation of Facts, par. 9, p. 487.
[27] *Id.*, Joint Stipulation of Facts and Issues, Stipulation of Facts, par. 22, p. 489.
[28] *Id.*, pp. 7-31.
[29] Commissioner of Internal Revenue v. The Court of Appeals, Et. Al., G.R. No. 107135, February 23, 1999.
[30] Republic of the Philippines v. Carlito Lacap, G.R. No. 158253, March 02, 2007.

> "Consequently, from the plain language of the law, it does not matter how far apart the administrative and judicial claims were filed, or whether the Commissioner of Internal Revenue was actually able to rule on the administrative claim, **so long as both claims were filed within the two-year prescriptive period**."[31]

The doctrine in *CIR v. Carrier* was then reiterated in *Commissioner of Internal Revenue v. Estate of Mr. Charles Marvin Romig*[32].

In fact, in *Manila Peninsula Hotel, Inc. v. Commissioner of Internal Revenue*[33], the Supreme Court clarified that a "decision" or "inaction deemed denial" is not required to seek judicial recourse for a claim for refund under Section 229 of the NIRC of 1997, as amended.

Thus, the rule is this. Before the amendment of the Tax Code by R.A. No. 11976[34], there is no need for the BIR to act unfavorably on the claim for refund of erroneous taxes before the CTA may acquire jurisdiction because of the positive requirement of Section 229 and the doctrine that delay of the BIR in rendering a decision does not extend the peremptory period fixed by the Tax Code. There is also no prohibition that the claim for refund be filed at the earliest instance to give the BIR an opportunity to rule on it and the CTA to review the ruling on appeal. It follows therefore that it is also not necessary for the BIR to act favorably on the claim for refund of erroneous taxes before the CTA may acquire jurisdiction.

We recognize that the relevant provisions of the NIRC of 1997, as amended, for the period under review in the instant case, on the filing of administrative and judicial claims for erroneously paid taxes under Sections 204(C) and 229 are not ideal and confusing, as opposed to the provisions on refund of excessive input VAT under Section 112. Unfortunately, this can only be addressed not by judicial pronouncement but by appropriate legislation.

That being the reason, R.A. No. 11976 was subsequently passed into law in 2024, enacting that no judicial suit or proceeding shall be filed with the CTA unless there is a full or partial denial of the claim for refund or credit by the BIR or there is a failure on the part of the BIR to act on the claim within the one hundred eighty (180)-day period.[35]

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31 *Emphasis and underscoring supplied.*
32 G.R. No. 262092, October 09, 2024.
33 G.R. No. 229338, April 17, 2024.
34 Also known as the Ease of Paying Taxes Act, January 05, 2024.
35 As amended by R.A. No. 11976 or Ease of Paying Taxes Act, Sections 204(C) and 229 presently reads:

"**SEC. 204.** ***Authority of the Commissioner to Compromise, Abate and Refund or Credit Taxes.*** —

The Commissioner may —

Considering all these pronouncements, the CTA First Division has jurisdiction to take cognizance of the "Petition for Review" filed before it.

WHEREFORE, premises considered, the instant "Petition for Review" is **GRANTED**. The Resolutions dated May 24, 2024 and August 20, 2024 issued by the Court of Tax Appeals First Division are **REVERSED** and **SET ASIDE.**

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xxx xxx xxx

(C) Credit or refund taxes erroneously or illegally received or penalties imposed without authority, refund the value of internal revenue stamps when they are returned in good condition by the purchaser, and, in his discretion, redeem or change unused stamps that have been rendered unfit for use and refund their value upon proof of destruction. No credit or refund of taxes or penalties shall be allowed unless the taxpayer files in writing with the Commissioner a claim for credit or refund within two (2) years after the payment of the tax or penalty as provided under Section 229 of this Code: Provided, however, That a return filed showing an overpayment shall be considered as a written claim for credit or refund: Provided, further, That the Commissioner shall process and decide the refund under this provision within one hundred eighty (180) days from date of submission of complete documents in support of the application filed: Provided, furthermore, That should the Commissioner deny, in full or in part, the claim for refund, the Commissioner shall state the legal and/or factual basis for the denial: Provided, finally, That failure on the part of any official, agent, or employee of the Bureau of Internal Revenue to process and decide on the application within the one hundred eighty (180)-day period shall be punishable under Section 269 of this Code.

A Tax Credit Certificate validly issued under the provisions of this Code may be applied against any internal revenue tax, excluding withholding taxes, for which the taxpayer is directly liable. Any request for conversion into refund of unutilized tax credits may be allowed, subject to the provisions of Section 230 of this Code: Provided, That the original copy of the Tax Credit Certificate showing a creditable balance is surrendered to the appropriate revenue officer for verification and cancellation: Provided, further, That in no case shall a tax refund be given resulting from availment of incentives granted pursuant to special laws for which no actual payment was made.

xxx xxx xxx."

"**SEC. 229. *Recovery of Tax Erroneously or Illegally Collected.*** — No suit or proceeding shall be maintained in any court for the recovery of any national internal revenue tax hereafter alleged to have been erroneously or illegally assessed or collected, or of any penalty claimed to have been collected without authority, of any sum alleged to have been excessively or in any manner wrongfully collected without authority, or of any sum alleged to have been excessively or in any manner wrongfully collected, until a claim for refund or credit has been duly filed with the Commissioner; but such suit or proceeding may be maintained, whether or not such tax, penalty, or sum has been paid under protest or duress.

In any case, no such suit or proceeding shall be filed unless there is a full or partial denial of the claim for refund or credit by the Commissioner or there is a failure on the part of the Commissioner to act on the claim within the one hundred eighty (180)-day period under Section 204 of this Code: *Provided, however*, That the Commissioner may, even without a written claim therefor, refund or credit any tax, where on the face of the return upon which payment was made, such payment appears clearly to have been erroneously paid.

In case of full or partial denial of the claim for tax refund, or the failure on the part of the Commissioner to act on the application within the period prescribed above, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim or after the expiration of the one hundred eighty (180)-day period, appeal the decision with the Court of Tax Appeals."

Accordingly, let this case be remanded to the Court in Division for the continuation of judicial proceedings and determination of the refundable amount.

SO ORDERED.

Ma. Belen

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

WE CONCUR:

Catherine T. Manahan

CATHERINE T. MANAHAN
Associate Justice

(With Concurring Opinion)
JEAN MARIE A. BACORRO-VILLENA
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

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

LANEE S. CUI-DAVID
Associate Justice

CORAZON G. FERRER-FLORES
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

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
Quezon City

EN BANC

JOSELITO M. LIZARONDO,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA EB No. 2993
(CTA Case No. 11297)

Present:

RINGPIS-LIBAN, Acting *P.J.*,
MANAHAN,
BACORRO-VILLENA,
MODESTO-SAN PEDRO,
REYES-FAJARDO,
CUI-DAVID,
FERRER-FLORES, *and*
ANGELES, ***JJ.***

Promulgated:
NOV 21 2025 3:50 p.m.

x - x

CONCURRING OPINION

BACORRO-VILLENA, J.:

Previously, I concurred in the assailed Resolutions dated 24 May 2024[1] and 20 August 2024[2] (**assailed Resolutions**) both issued by the Court's First Division that dismissed the present case on the ground that respondent Commissioner of Internal Revenue (**CIR/respondent**) had yet to render a decision on petitioner Joselito M. Lizarondo's (**Lizarondo**'s/**petitioner**'s) claim for refund since the Letter dated 12 September 2023[3] (**Denial Letter**) denying petitioner's application for refund of erroneously paid capital gains tax (**CGT**) was issued by Revenue District Officer (**RDOr**) Raymund V. Ranchez (**Ranchez**), and not the CIR or the Assistant CIR (**ACIR**) of the Assessment Service. As such, I then opined that the denial was not appealable before this Court.

[1] Division Docket, pp. 504-512.
[2] Id., pp. 548-551.
[3] Annex V, id., pp. 162-163; *cf.* Par. 26, Stipulation of Facts, Joint Stipulation of Facts and Issues (JSFI), id., p. 490.

After a second hard look, I am constrained to vacate my prior position and agree with the present *ponencia* of my esteemed colleague, Associate Justice Ma. Belen M. Ringpis-Liban, finding that the Court has jurisdiction over the present action.

The recent case of *Manila Peninsula Hotel, Inc. v. Commissioner of Internal Revenue*[4] (**Manila Peninsula**) is instructive:

> ...
>
> On the other hand, Section 204 refers to the CIR's administrative authority to credit or refund erroneously paid or illegally collected taxes. Under this provision, an administrative claim for refund or credit must be filed **within two years from payment of the tax. Section 229, in turn, requires two conditions for filing judicial claims: (1) an administrative claim must be filed first; and (2) the judicial claim must be filed within two years after payment of the tax sought to be refunded**. Reading the two provisions together, both administrative and judicial claims must be filed within the two-year period **counted from the payment of the tax.** Hence, when taxpayers amend their return and make an adjusted payment, the prescriptive period for the adjusted amount is reckoned from the later date.
>
> ...

Here, it is undisputed that petitioner paid the alleged erroneous CGT on 29 July 2022[5], and filed the administrative and judicial claims on 08 February 2023[6] and 27 October 2023[7], respectively. He appealed before the Court's First Division the supposed denial of his claim for refund. Thus, the two (2) conditions laid down in *Manila Peninsula* were sufficiently satisfied.

However, I wish to emphasize that the phrase *a "decision" or "inaction deemed denial" is not required to seek judicial recourse* in *Manila Peninsula* should not be mechanically applied to mean that the doctrine of exhaustion of administrative remedies finds no application under Section 229[8] of the National Internal Revenue Code (**NIRC**) of 1997, as amended.[9]

The doctrine of exhaustion of administrative remedies is grounded in both practical and legal considerations. Availing of administrative remedies often entails lesser expenses and provides for a speedier disposition of controversies.[10] Courts, for reasons of comity and convenience, generally refrain from intervening until the system of administrative redress has been

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4 G.R. No. 229338, 17 April 2024 [Date Uploaded: **05 June 2024**]; Emphasis in the original text and supplied.
5 Par. 9, supra at note 3, p. 487.
6 Par. 22, id., p. 489.
7 Petition for Review, id., pp. 7-33.
8 **SEC. 229.** ***Recovery of Tax Erroneously or Illegally Collected.***
9 Prior to the amendments brought by Republic Act (RA) No. 11976, otherwise known as the "Ease of Paying Taxes Act." (EOPT Law).
10 *Manila Peninsula Hotel, Inc. v. Commissioner of Internal Revenue*, supra at note 4.

completed, thereby affording the administrative agency every opportunity to correct its error and dispose of the case at its level.[11]

Thus, the aforementioned phrase must be read within its factual confines—specifically, in cases of imminent risk of prescription or manifest urgency, as illustrated in *Commissioner of Internal Revenue v. Carrier Air Conditioning Philippines, Inc.*[12] (**Carrier Air**) and *Commissioner of Internal Revenue v. Estate of Mr. Charles Marvin Romig*[13] (**Estate of Romig**). It should not be construed as abolishing the doctrine of exhaustion altogether. The rule is not absolute and must yield to the doctrine of exhaustion of administrative remedies where there is no risk of prescription, and the administrative agency is afforded a reasonable opportunity to act on the claim. Otherwise, the requirement of filing an administrative claim before seeking judicial recourse would be rendered nugatory.

In the present case, it was shown that respondent acted upon the claim for refund, as evidenced by the Denial Letter. In fact, the same is acknowledged by respondent as his or her act in the Joint Stipulation of Facts and Issues (**JSFI**).[14] While the denial was not issued by the CIR or the ACIR, it nonetheless constituted an official act of respondent on the administrative claim. Petitioner, faced with the impending expiration of the two (2)-year prescriptive period, was justified in promptly seeking judicial recourse to protect his right to recover the taxes he allegedly erroneously paid.

Accordingly, I vote to **GRANT** the Petition for Review filed on 13 September 2024, **REVERSE AND SET ASIDE** the Resolutions dated 24 May 2024 and 20 August 2024 of the First Division in CTA Case No. 11297 and **REMAND** the case to the First Division for further proceedings on the merits, specifically to determine the refundable amount, if any, in favor of petitioner Joselito M. Lizarondo.

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

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11 Id.

12 G.R. No. 226592, 27 July 2021.

Expiration of the 2-year period from payment:	10 December 2011 and 12 January 2012
Date of administrative claim:	29 November 2011
Date of judicial claim:	09 December 2011

13 G.R. No. 262092, 09 October 2024.

Expiration of the 2-year period from payment:	30 June 2017
Date of administrative claim:	28 June 2017 at 8:00 a.m.
Date of judicial claim:	28 June 2017 at 4:47 p.m.

14 Par. 26, supra at note 3, p. 490.