

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
Quezon City

EN BANC

HOTEL SPECIALIST
(TAGAYTAY), INC.,
Petitioner,

CTA EB NO. 2084
(CTA Case No. 9349)

- versus -

COMMISSIONER OF
INTERNAL REVENUE,
Respondent.

x ----- x

COMMISSIONER OF
INTERNAL REVENUE,
Petitioner,

CTA EB NO. 2092
(CTA Case No. 9349)

Present:

- versus -

DEL ROSARIO, P.J.,
CASTAÑEDA, JR.,
UY,
RINGPIS-LIBAN,
MANAHAN,
BACORRO-VILLENA,
MODESTO-SAN PEDRO,
REYES-FAJARDO, and
CUI-DAVID, II.

HOTEL SPECIALIST
(TAGAYTAY), INC.,
Respondent.

Promulgated:

APR 19 2022

x ----- x  2:26 p.m. x

JUDGMENT BASED ON COMPROMISE AGREEMENT

BACORRO-VILLENA, J.:

For the Court *En Banc*'s resolution is the "Joint Motion for Approval of Compromise Agreement" (**Joint Motion for Approval**) filed by the parties, Hotel Specialist (Tagaytay), Inc. (HSTI) and the Commissioner of Internal Revenue (CIR), on 22 June 2021.¹

To recap, HSTI was issued a Formal Letter of Demand (FLD) dated 25 February 2015 for alleged deficiency taxes for taxable year (TY) 2009 in the aggregate amount of ₱31,648,101.76, inclusive of increments.

After HSTI filed its protest dated 30 March 2015, the Bureau of Internal Revenue (BIR) issued a Final Decision on Disputed Assessment (FDDA) with the reduced total amount of ₱30,845,693.98, inclusive of the basic tax assessed of ₱13,794,248.46.

Consequently, HSTI instituted an action against the CIR before this Court entitled *Hotel Specialist (Tagaytay), Inc. v. Commissioner of Internal Revenue* and docketed as CTA Case No. 9349. The same was raffled to the Second Division.

Subsequently, the Special Second Division² rendered the Decision dated 18 January 2019³ partially granting HSTI's prior Petition for Review and holding it liable for basic deficiency income tax (IT) and value-added tax (VAT) in the combined amount of ₱7,288,481.52, exclusive of 25% surcharge and 20% deficiency and delinquency interest.

After the Special Second Division denied both the Motion for Reconsideration (MR) and Motion for Partial Reconsideration (MPR) 

¹ *Rollo* (CTA EB No. 2084), pp. 161-166.

² Reorganized pursuant to Administrative Circular No. 02-2018.

³ *Rollo* (CTA EB No. 2084), pp. 35-62.

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filed by HSTI and the CIR, respectively, the parties filed separate Petitions for Review with the Court *En Banc*.

On 25 November 2020, the Court *En Banc* promulgated a Decision⁴ denying both petitions and modifying only the typographical errors in the dispositive portion of the Special Second Division's Decision. HSTI filed its MR⁵ while the CIR filed an MPR⁶, which were both denied in a Resolution dated 02 June 2021.⁷

Later, the parties filed the subject Joint Motion for Approval with the attached original Judicial Compromise Agreement⁸ (JCA). The contents of which reads as follows:

...

JUDICIAL COMPROMISE AGREEMENT

KNOWN ALL MEN BY THESE PRESENTS:

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

HOTEL SPECIALIST (TAGAYTAY), INC. ("TAXPAYER"), a domestic corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office at Taal Vista Hotel, National Road, Barangay Kaybagal, Tagaytay City, represented by its authorized representative **MS. SALLY S.SO**;

-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. CAESAR R. DULAY** (collectively, the "**PARTIES**");

- Witnesseth That -

WHEREAS, the **BIR** issued to the **TAXPAYER** a Formal Letter of Demand ("**FLD**") dated 25 February 2015 for the year 2009 assessing the **Taxpayer** alleged deficiency taxes for an aggregate amount of P31,648,101.76; 

⁴ Id., pp. 91-117.
⁵ Id., pp. 122-131.
⁶ Id., pp. 133-142.
⁷ Id., pp. 154-160.
⁸ Id., pp. 167-172.

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WHEREAS, the TAXPAYER then filed with the BIR its Protest dated 30 March 2015 disputing the FLD dated 25 February 2015;

WHEREAS, the BIR issued a FINAL DECISION ON DISPUTED ASSESSMENT ("FDDA") dated 12 April 2016, which denied the Protest filed by the TAXPAYER but reducing the assessment into an aggregate amount of P30,845,693.98;

WHEREAS, the TAXPAYER instituted an action against the BIR entitled "*Hotel Specialist (Tagaytay), Inc. vs. Commissioner of Internal Revenue*", docketed as CTA Case No. 9349, pending before the Honorable Special Second Division of the Court of Tax Appeals ("CTA"), seeking the reversal of the FDDA, and the cancellation of the FLD;

WHEREAS, on 18 January 2019, the CTA rendered a Decision holding TAXPAYER liable for basic deficiency taxes in the aggregate amount of P7,288,481.52.

WHEREAS, the TAXPAYER has submitted to the BIR a **Proposal for Amicable Settlement** dated 9 February 2021 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 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:



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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 **P7,288,481.52 (Seven Million Two Hundred Eighty-Eight Thousand Four Hundred Eighty-One Pesos and Fifty-Two Centavos)** ("**Judicial Compromise Amount**").

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 Case No. 9349. 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 25 February 2015 and **FDDA** dated 12 April 2016.

Section 5. Authority to Enter Compromise Agreement. The **BIR**, through Commissioner Caesar R. Dulay 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, Ms. Sally S. So, 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 Case No. 9349. Upon approval by the court, the **BIR** recognizes the full satisfaction of the supposed tax liability of the **TAXPAYER** in connection with CTA Case No. 9349 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 Case No. 9349.



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 the 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 Case No. 9349 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.



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**HOTEL SPECIALIST
(TAGAYTAY), INC.**

By:

(Sgd.)

MS. SALLY S. SO

Authorized Representative

...

**BUREAU OF INTERNAL
REVENUE**

By:

(Sgd.)

HON. CAESAR R. DULAY

Commissioner⁹

In compliance with the Court *En Banc*'s Resolution dated 26 July 2021, HSTI, on 22 October 2021, submitted the originals or certified true copies of the following:

1. Notarized Secretary's Certificate as proof of authority of Sally S. So (**So**) to sign the JCA for and on behalf of HSTI¹⁰;
2. BIR-Bancnet Tax Payment Notification dated 08 March 2021 with Payment Transaction Number 210015171 in the amount of ₱4,650,108.89¹¹;
3. Maker Payment Instruction Receipt dated 08 March 2021 with Payment Transaction Number 210015171 in the amount of ₱4,650,108.89¹²;
4. Electronic Filing and Payment System (**eFPS**) Filing Reference No. 292100040698064 dated 08 March 2021 in the amount of ₱4,650,108.89¹³;
5. BIR Form No. 0605 for the payment of IT amounting to ₱4,650,108.89¹⁴;
6. BIR-Bancnet Tax Payment Notification dated 08 March 2021 with Payment Transaction Number 210015735 in the amount of ₱2,638,372.63¹⁵;

⁹ Citations omitted and emphasis and underscoring in the original text.

¹⁰ Rollo (CTA EB No. 2084), p. 197.

¹¹ Id., p. 198.

¹² Id., p. 199.

¹³ Id., p. 200.

¹⁴ Id., p. 201.

¹⁵ Id., p. 202.

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7. Maker Payment Instruction Receipt dated 08 March 2021 with Payment Transaction Number 210015735 in the amount of ₱2,638,372.63¹⁶;
8. eFPS Filing Reference No. 292100040698685 dated 08 March 2021 in the amount of ₱2,638,372.63¹⁷;
9. BIR Form No. 0605 for the payment of VAT amounting to ₱2,638,372.63¹⁸; and,
10. Acknowledgement portion of So dated 13 April 2021.¹⁹

Finally, on 03 March 2022, the CIR filed a Compliance²⁰ with the attached certified true copies of the Certificate of Availment²¹ (CA) and the signature page²² thereof.

We resolve.

At the onset, the Court *En Banc* notes that both parties have filed their respective appeals before the Supreme Court.²³ Nevertheless, considering that it does not appear from the records that either of the said appeals has already been given due course by the Supreme Court pursuant to Section 8²⁴, Rule 45 of the Rules of Court, the Court *En Banc* still has residual jurisdiction to approve the subject compromise.

In *Development Bank of the Philippines v. Hon. Emmanuel C. Carpio, et al.*²⁵, the Supreme Court discussed the nature of residual jurisdiction, as follows:

¹⁶ Id., p. 203.

¹⁷ Id., p. 204.

¹⁸ Id., p. 205.

¹⁹ Id., p. 206.

²⁰ Id., pp. 226-228.

²¹ Id., p. 230.

²² Id., p. 231.

²³ HSTI's Petition for Review, which the Court *En Banc* received on 28 July 2021, is docketed as G.R. No. 256814 while the CIR's Petition for Partial Review on Certiorari, which the Court *En Banc* received on 08 March 2022, is docketed as G.R. No. 256891.

²⁴ **Sec. 8. Due course; elevation of records.** — If the petition is given due course, the Supreme Court may require the elevation of the complete record of the case or specified parts thereof within fifteen (15) days from notice.

²⁵ G.R. No. 195450, 01 February 2017; Citations omitted and emphasis supplied.

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...

Residual jurisdiction refers to the authority of the trial court to issue orders for the protection and preservation of the rights of the parties which do not involve any matter litigated by the appeal; **to approve compromises**; to permit appeals by indigent litigants; to order execution pending appeal in accordance with Section 2, Rule 39; and to allow the withdrawal of the appeal, **provided these are done prior to the transmittal of the original record or the record on appeal, even if the appeal has already been perfected or despite the approval of the record on appeal or in case of a petition for review under Rule 42, before the CA gives due course to the petition.**

The “residual jurisdiction” of the trial court is available at a stage in which the court is normally deemed to have lost jurisdiction over the case or the subject matter involved in the appeal. This stage is reached upon the perfection of the appeals by the parties or upon the approval of the records on appeal, **but prior to the transmittal of the original records or the records on appeal.** In either instance, the trial court still retains its so-called residual jurisdiction to issue protective orders, approve compromises, permit appeals of indigent litigants, order execution pending appeal, and allow the withdrawal of the appeal.

...

As the Court *En Banc* still has residual jurisdiction to approve compromises, We shall now proceed in determining whether the subject JCA is valid.

Section 204(A) of the National Internal Revenue Code (NIRC) of 1997, as amended, provides:

...

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

The Commissioner may —

(A) *Compromise the payment of any internal revenue tax, when:*

(1) A reasonable doubt as to the validity of the claim against the taxpayer exists; or

(2) The financial position of the taxpayer demonstrates a clear inability to pay the assessed tax.



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The compromise settlement of any tax liability shall be subject to the following minimum amounts:

For cases of financial incapacity, a minimum compromise rate equivalent to ten percent (10%) of the basic assessed tax; and

For other cases, a minimum compromise rate equivalent to forty percent (40%) of the basic assessed tax.

Where the basic tax involved exceeds One million pesos (P1,000,000) or where the settlement offered is less than the prescribed minimum rates, the compromise shall be subject to the approval of the Evaluation Board which shall be composed of the Commissioner and the four (4) Deputy Commissioners.

...

In connection thereto, Section 6 of Revenue Regulations (RR) No. 30-2002²⁶, as amended by RR No. 9-2013²⁷, states:

...

SEC. 6. APPROVAL OF OFFER OF COMPROMISE. – Except for offers of compromise where the approval is delegated to the REB pursuant to the succeeding paragraph, all compromise settlements within the jurisdiction of the National Office (NO) shall be approved by **a majority of all the members of the** NEB composed of the Commissioner and the four (4) Deputy Commissioners. All decisions of the NEB, **granting the request of the taxpayer or favorable to the taxpayer**, shall have the concurrence of the Commissioner.²⁸

xxx

xxx

xxx

The compromise offer shall be paid by the taxpayer upon filing of the application for compromise settlement. No application for compromise settlement shall be processed without the full settlement of the offered amount. In case of disapproval of the application for compromise settlement, the amount paid upon filing of the aforesaid application shall be deducted from the total outstanding tax liabilities.²⁹

xxx

xxx

xxx

...

²⁶ Revenue Regulations Implementing Sections 7(c), 204(A) and 290 of the National Internal Revenue Code of 1997 on Compromise Settlement of Internal Revenue Tax Liabilities Superseding Revenue Regulations Nos. 6-2000 and 7-2001.

²⁷ Amending Certain Provisions of Revenue Regulations No. 30-2002.

²⁸ Emphasis supplied.

²⁹ Emphasis and underscoring in the original text.

Furthermore, Revenue Memorandum Order (RMO) No. 3-2017³⁰ also provides, as follows:

...

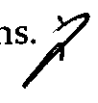
All approved applications for compromise settlement and/or abatement of penalties shall be issued Certificate of Availment (CA) following the prescribed format as per attached Annexes "A" and "B", while denied applications shall be issued Notice of Denial (ND) following prescribed format as per attached annexes "C" and "D".³¹

...

In this case, HSTI submitted a proposal for judicial compromise which the CIR approved on the ground of doubtful validity. Consequently, HSTI paid the amount of ₱7,288,481.52 which is equivalent to 52.83%³² of the basic tax assessed of ₱13,794,248.46 *per* FDDA. Such amount of ₱7,288,481.52 is also equivalent to 100% of the basic tax computed and shown in the Second Division's Decision (and which the Court *En Banc* affirmed later on).

From the foregoing, the JCA entered into by the parties with the judicial compromise amount equivalent to 52.83% of the basic tax assessed *per* FDDA complies with the statutory requirement of the aforementioned Section 204(A) of the NIRC of 1997, as amended, requiring a minimum compromise rate of 40% of basic tax assessed for cases grounded on doubtful validity.

As to the requirement that the National Evaluation Board (NEB) approves the JCA (since the basic tax involved exceeds ₱1,000,000), the records show that the CIR submitted certified true copies of the CA³³ and its signature page³⁴ showing the approval of four (4) out of five (5) members of the NEB.

Thus, after careful scrutiny of the parties' documents in support of the JCA, the Court *En Banc* finds the same in order and in compliance with the established laws, rules and regulations. 

³⁰ Amending Further the Prescribed Format for the Certificate of Availment/Approval and Notice of Denial Relative to Application for Compromise Settlement and/or Abatement of Penalties Pursuant to Section 204 of the Tax Code, as Amended.

³¹ Emphasis supplied.

³² 52.84% when rounded off.

³³ Supra at note 21.

³⁴ Supra at note 22.

JUDGMENT BASED ON COMPROMISE AGREEMENT

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In *Felipe O. Magbanua, et al. v. Rizalino Uy*³⁵, the Supreme Court ruled as follows:

...

A compromise agreement is a contract whereby the parties make reciprocal concessions in order to resolve their differences and thus avoid or put an end to a lawsuit. They adjust their difficulties in the manner they have agreed upon, disregarding the possible gain in litigation and keeping in mind that such gain is balanced by the danger of losing. Verily, the compromise may be either extrajudicial (to prevent litigation) or judicial (to end a litigation).

A compromise must not be contrary to law, morals, good customs and public policy; and must have been freely and intelligently executed by and between the parties. To have the force of law between the parties, it must comply with the requisites and principles of contracts. Upon the parties, it has the effect and the authority of *res judicata*, once entered into.

When a compromise agreement is given judicial approval, it becomes more than a contract binding upon the parties. Having been sanctioned by the court, it is entered as a determination of a controversy and has the force and effect of a judgment. It is immediately executory and not appealable, except for vices of consent or forgery. The nonfulfillment of its terms and conditions justifies the issuance of a writ of execution; in such an instance, execution becomes a ministerial duty of the court.

...

The issue involving the validity of a compromise agreement notwithstanding a final judgment is not novel. *Jesalva v. Bautista* upheld a compromise agreement that covered cases pending trial, on appeal, and with final judgment. The Court noted that Article 2040 impliedly allowed such agreements; there was no limitation as to when these should be entered into. *Palanca v. Court of Industrial Relations* sustained a compromise agreement, notwithstanding a final judgment in which only the amount of back wages was left to be determined. The Court found no evidence of fraud or of any showing that the agreement was contrary to law, morals, good customs, public order, or public policy.

Gatchalian v. Arlegui upheld the right to compromise prior to the execution of a final judgment. The Court ruled that the final judgment had been novated and superseded by a compromise agreement. Also, *Northern Lines, Inc. v. Court of Tax Appeals* recognized the right to compromise final and executory judgments, as long as such right was exercised by the proper party litigants.

JUDGMENT BASED ON COMPROMISE AGREEMENT

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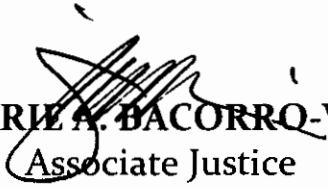
...

There is no justification to disallow a compromise agreement, solely because it was entered into after final judgment. The validity of the agreement is determined by compliance with the requisites and principles of contracts, not by when it was entered into. As provided by the law on contracts, a valid compromise must have the following elements: (1) the consent of the parties to the compromise, (2) an object certain that is the subject matter of the compromise, and (3) the cause of the obligation that is established.

...

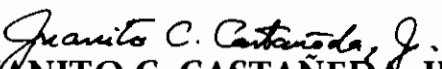
WHEREFORE, the foregoing considered, Hotel Specialist (Tagaytay), Inc. and Commissioner of Internal Revenue's Joint Motion for Approval of Compromise Agreement filed on 22 June 2021 is hereby **GRANTED**. The Judicial Compromise Agreement entered into by the parties is **APPROVED**. Having been impressed with judicial imprimatur, the parties are hereby **ENJOINED** to faithfully comply with all the terms and conditions of the aforesaid Judicial Compromise Agreement. Accordingly, this case is now deemed **CLOSED AND TERMINATED**.

SO ORDERED.


JEAN MARIE A. BACORRO-VILLENA
Associate Justice

WE CONCUR:


ROMAN G. DEL ROSARIO
Presiding Justice


JUANITO C. CASTAÑEDA, JR.
Associate Justice


ERLINDA P. UY
Associate Justice

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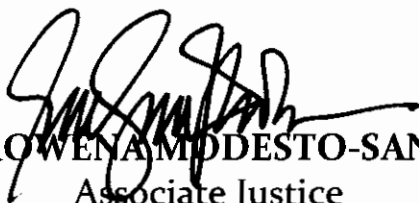
MA. BELEN M. RINGPIS-LIBAN

Associate Justice



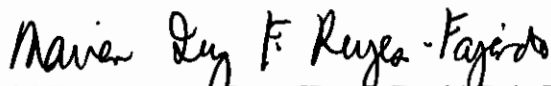
CATHERINE T. MANAHAN

Associate Justice



MARIA ROWENA MODESTO-SAN PEDRO

Associate Justice



MARIAN IVY F. REYES-FAJARDO

Associate Justice

INHIBITED

LANEE S. CUI-DAVID

Associate Justice

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, it is hereby certified that the conclusions in the above Judgment Based on Compromise Agreement were reached in consultation before the cases were assigned to the writer of the opinion of the Court.



ROMAN G. DEL ROSARIO

Presiding Justice

**REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY**

EN BANC

HOTEL SPECIALIST (TAGAYTAY), INC. **CTA EB Nos. 2084 and 2092**

Petitioner, (CTA Case No. 9349)

- versus -

COMMISSIONER OF INTERNAL REVENUE

Respondent.

X-----X

COMMISSIONER OF INTERNAL REVENUE

Petitioner,

- versus -

HOTEL SPECIALIST (TAGAYTAY), INC.

Respondent.

X-----X

O R D E R

The undersigned Associate Justice voluntarily recuses herself from participating in the resolution of the “Joint Motion for Approval of Compromise Agreement” and in the approval of the “Judicial Compromise Agreement” filed by the parties in the above-captioned cases.

Said action is being taken in light of Section 6(c), Rule 2 of the Revised Rules of the Court of Tax Appeals, in relation to Section 1, Rule 137 of the Revised Rules of Court,¹ which provides that:

“A justice of the Court may, in the exercise of sound discretion, disqualify voluntarily from sitting



¹ Rule 137. SECTION 1. Disqualification of judges. – xxx A judge may, in the exercise of his sound discretion, disqualify himself from sitting in a case, for just or valid reasons other than those mentioned above.

ORDER

CTA EB Case Nos. 2084 and 2092 (CTA Case No. 9349)

Hotel Specialist (Tagaytay), Inc. vs. Commissioner of Internal Revenue and Commissioner of Internal Revenue vs. Hotel Specialist (Tagaytay), Inc.

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in a case or proceeding, for just or valid reasons other than those mentioned above”.

The subject Judicial Compromise Agreement, which was executed by the Commissioner of the Bureau of Internal Revenue (BIR) on 7 June 2021,² is one of the compromise settlements approved by the undersigned in her capacity as a member of the National Evaluation Board (NEB), during her incumbency as Deputy Commissioner of the BIR’s Information Systems Group. This is evidenced by the appearance of the undersigned’s name and signature in the signature page of the Certificate of Availment, which shows the approval of the subject Agreement by the members of the NEB.³

It is well-established that, in observance of Canon 2 of the Code of Judicial Conduct, a judge should avoid impropriety and the appearance of impropriety in all his activities. Indeed, a judge is not only required to be impartial; he must also *appear* to be impartial. As such, judges must not only render just, correct and impartial decisions, but must do so in a manner free of any suspicion as to their fairness, impartiality, and integrity.⁴

In this regard, the undersigned’s resolve to recuse herself from the proceedings in the above-captioned cases will render the resolution of the Joint Motion and the approval of the Judicial Compromise Agreement, free of any doubts or misgivings as to their objectivity, independence, and integrity.

SO ORDERED.

7 APR 2022



LANEE S. CUI DAVID
Associate Justice

² *En Banc* docket, pp.167-172

³ *En Banc* docket pp. 230-231

⁴ *Angping vs. Ros*, A.M. No. 12-8-160-RTC, December 10, 2012