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

## SECOND DIVISION

**RC CRUZ ENTERPRISES, INC., Represented by its President ROGELIO C. CRUZ,**
Petitioner,

- versus -

**BUREAU OF INTERNAL REVENUE REGION NO. 16 – CAGAYAN DE ORO CITY, HERMENO A. PALAMINE in his capacity as Regional Director of BIR Revenue Region 16, Cagayan De Oro City, ESTELA M. LAGA-AC in her capacity as Chief of Collection Division of BIR Revenue Region 16, Cagayan De Oro City,**
Respondents.

**CTA CASE NO. 9857**

Members:

**CASTAÑEDA, JR.,** *Chairperson, and*
**MINDARO-GRULLA,**
**BACORRO-VILLENA,** *JJ.*

Promulgated:

AUG 05 2019

3:10 p.m.

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# JUDGMENT ON COMPROMISE AGREEMENT

Before this Court is the **Mediator's Report** transmitted on July 4, 2019, duly signed by (Ret.) Justice Antonio L. Villamor, Appellate Mediator selected by the parties in the instant case, stating that petitioner and respondent had a successful complete settlement.

Attached in the report is the parties' duly executed **Compromise Agreement**, which reads:

> "Undersigned parties, assisted by their respective counsels, RC Cruz Enterprises, Inc., represented by its

President Rogelio C. Cruz, and the Commissioner of Internal Revenue

AGREE as follows:

WHEREAS, a dispute arose out of the Final Decision on Disputed Assessment (FDDA) dated 13 March 2017 which assessed petitioner deficiency income tax for taxable year 2013 in the total amount of P521,534.02;

WHEREAS, the parties have agreed to accept mediation to avoid prolonged litigation, as authorized by A.M. No. 11-1-05-SC-PHILJA;

WHEREAS, considering the amount involved does not exceed P1 million, the prolonged litigations of the case will not justify the cost to the government;

WHEREAS, the assistance of the assigned mediator resulted in making the parties realize the advantage of ending their dispute by agreeing upon a compromise;

NOW THEREFORE, the parties have agreed to the following terms and conditions:

1. In view of the limitation in Section 204 of the 1997 National Internal Revenue Code, the Petitioner has offered and Respondent has accepted the amount of forty percent (40%) of the basic assessed tax;

2. Petitioner shall pay respondents the total sum of P129,717.15 only representing 40% of the Basic Tax due of P324,292.88."

Under the Civil Code and in the Revised Rules of Court, courts are directed to persuade litigants in civil cases to agree upon some fair compromise. Such agreement has force of law and is conclusive between the parties.[1]

A compromise is a contract whereby the parties, by making reciprocal concessions, avoid litigation or put an end to one already

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[1] *Viesca vs. Gilinsky*, G.R. No. 171698, July 4, 2007.

commenced.[2] It is an accepted and desirable practice in courts of law and administrative tribunals.[3]

Parties may establish such stipulations, clauses, terms and conditions as they may deem convenient, provided that these are not contrary to law, morals, good customs, public order, or policy.[4] Corollary thereto, once submitted to the Court and stamped with judicial approval, a compromise agreement becomes more than mere private contract binding upon the parties. Having the sanction of the Court and entered as its determination of the controversy, it has the force and effect of any judgment.[5]

**WHEREFORE**, finding that the stipulations in the **Compromise Agreement** are not contrary to law, morals, good customs, public order and public policy, the same is hereby **APPROVED** and this **JUDGMENT ON COMPROMISE AGREEMENT** is hereby rendered in accordance therewith. The parties are **ENJOINED** to faithfully comply with all the terms and conditions set forth therein.

Accordingly, this case is now deemed **CLOSED AND TERMINATED**.

**SO ORDERED.**

Juanito C. Castañeda, Jr.
**JUANITO C. CASTAÑEDA, JR.**
Associate Justice

Cielito N. Mindaro-Grulla
**CIELITO N. MINDARO-GRULLA**
Associate Justice

**JEAN MARIE A. BACORRO-VILLENA**
Associate Justice

[2] Article 2028, New Civil Code.

[3] *Far East Bank and Trust Co. and Investment Group, and FEB Investment Inc. vs. Trust Union Shipping Corp. et. al.,* G.R. No. 154716, September 16, 2008, citing *Philippine National Oil Company-Energy Development Corporation (PNOC-EDC) vs. Abella,* G.R. No. 153904, January 17, 2005.

[4] Article 1306, *supra.*

[5] *Conchita A. Sonley vs. Anchor Savings Bank/ Equicom Savings Bank,* G.R. No. 205623, August 10, 2016.