REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL SECOND DIVISION

PACO SORIANO PANDACAN DEVELOPMENT COOPERATIVE,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE and REGIONAL DIRECTOR OF REGION NO. 6 – BUREAU OF INTERNAL REVENUE,
Respondents.

CTA CASE NO. 11107

Members:

RINGPIS-LIBAN, *P.J., Chairperson,*
MODESTO-SAN PEDRO, *and*
FERRER-FLORES, *JJ.*

Promulgated:

4:00 pm

x - x

RESOLUTION

FERRER-FLORES, J.:

Before the Court is respondents' **Motion for Reconsideration (Re: Decision dated February 13, 2026)** filed on March 12, 2026,[1] with petitioner's **Comment (To Respondent's Motion for Reconsideration dated 11 March 2026)** filed on June 8, 2026.

Respondents seek the reversal of this Court's Decision dated April 10, 2026 (assailed Decision),[2] which denied their *Petition for Review (Re: Decision dated 18 April 2024 and Resolution dated 05 November 2024 of the Special First Division, Court of Tax Appeals)*, the dispositive portion of which reads as follows:

> **ACCORDINGLY**, in light of the foregoing, the **Petition for Review** is **DENIED** for lack of merit. The assailed Decision and

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1 *Rollo.*
2 *Rollo*, pp. 116 to 129.

> Resolution dated April 18, 2024 and November 5, 2024 respectively, both rendered by the Special First Division in CTA AC Case No. 277, are **AFFIRMED**.
>
> **SO ORDERED.**

In their *Motion for Reconsideration*, respondents claim that the Court erred in granting a relief that was not prayed for by the petitioner. According to respondents, the issue on the violation of petitioner's right to due process was raised by petitioner in its *Petition for Review*. Considering this, respondents insist that their "basic right to fair play and due process" was violated. Respondents also maintain that, in any event, they did not violate the due process rights of petitioner.

Petitioner, on the other hand, contends that the *Motion for Reconsideration* was filed out of time as respondents furnished petitioner's counsel with a copy thereof only after the expiration of the 15-day reglementary period for filing a motion for reconsideration. It further argues that the Court can rule on issues not stipulated by the parties to achieve an orderly disposition of the case. Lastly, petitioner avers that the Court did not err in ruling that the subject assessment was issued in violation of its right to due process.

Respondents' *Motion for Reconsideration* is bereft of merit.

The Court can rule on issues not raised by the parties

At the outset, it is stressed that, even if the issue on the violation of petitioner's right to due process was not previously raised in the *Petition for Review*, the Court is not precluded from making a ruling thereon in the interest of justice.

Section 1 of Rule 14 of the Revised Rules of the Court of Tax Appeals (CTA) is clear that the Court is empowered to resolve issues, even when not raised by the parties, in order to achieve an orderly disposition of the case, viz:

> SECTION 1. Rendition of judgment. - xxx
>
> In deciding the case, **the Court may not limit itself to the issues stipulated by the parties but may also rule upon related issues necessary to achieve an orderly disposition of the case.** (Emphasis added)

The said rule was affirmed by the Supreme Court in *Commissioner of Internal Revenue v. Lancaster Philippines, Inc.*[3] (*Lancaster case*), to wit:

> **On whether the CTA can resolve an issue which was not raised by the parties, we rule in the affirmative.**
>
> Under Section I, Rule 14 of A.M. No. 05-11-07-CTA, or the Revised Rules of the Court of Tax Appeals, the CTA is not bound by the issues specifically raised by the parties but may also rule upon related issues necessary to achieve an orderly disposition of the case. The text of the provision reads: xxx (Emphasis added)

Based on the foregoing, it is clear that the Court can validly consider and rule upon respondents' violation of petitioner's due process rights.

Respondents' Motion for Reconsideration was filed on time

Petitioner's contention that the said *Motion for Reconsideration* was belatedly filed is incorrect.

Records reveal that respondents received the assailed Decision on February 26, 2026. Counting 15 days therefrom, respondents had until March 13, 2026 within which to file their *Motion for Reconsideration*. Respondents, therefore, timely filed their *Motion for Reconsideration* on March 12, 2026.

The fact that the copy of the *Motion for Reconsideration* was initially served at an incorrect address did not, on its own, warrant its outright dismissal. Recognizing that the *Motion for Reconsideration* had been timely filed within the reglementary period, the Court even granted respondents the opportunity to effect proper service by ordering them to furnish petitioner's counsel a copy thereof. This accommodation did not in any way prejudice petitioner or deprive it of its right to oppose the *Motion for Reconsideration,* as petitioner was still afforded five days from its counsel's receipt of the *Motion for Reconsideration* within which to file its *Comment*.[4]

The assessment is void as petitioner's right to due process was violated

Respondents insist that they adhered to the requirements of Section 228 of the National Internal Revenue Code (NIRC) of 1997, as amended, with respect to the issuance of the Preliminary Assessment Notice (PAN) and Formal Letter of Demand/Final Assessment Notice (FLD/FAN).

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[3] G.R. No. 183408, July 12, 2017.
[4] See Minute Resolution dated May 6, 2026, Docket – Volume II, p. 498.

Petitioner, on the other hand, states that respondents failed to address the issues and questions raised in petitioner's Letter-Reply to Notice of Discrepancy dated February 18, 2022 and its Protest Letter against the PAN dated August 25, 2022. Instead, respondents proceeded to issue the FLD/FAN, which was a replica of the PAN.

We agree with petitioner.

Section 228 of the NIRC of 1997, as amended, requires that the taxpayer be informed, in writing, of both the factual and legal bases of the assessment; otherwise, the assessment is void.[5] This requirement is mandatory and cannot be presumed or inferred. As an essential component of due process, it ensures that the taxpayer is afforded a meaningful opportunity to file an informed and effective protest.[6]

Stated otherwise, the statutory obligation to state, in writing, the factual and legal grounds for the assessment is not a mere procedural formality or empty technicality. Rather, it imposes a substantive requirement that must be strictly observed.[7]

Considering the foregoing, respondents' failure to specify the factual and legal reasons for rejecting petitioner's arguments in its Reply to PAN deprived petitioner of its right to be fully informed of the basis for such rejection, thereby impairing its ability to meaningfully respond and protect its interests. Such being the case, petitioner's right to due process was effectively violated.

The violation of the petitioner's right to due process necessarily renders the assessment void. Consequently, the respondents have no legal basis to collect the alleged tax liability on the strength of such void assessment. As explained by the Supreme Court in *Mabuhay Textile Mills Corp. vs. Ongpin*:[8]

> To hold that there was a violation of petitioner's right to due process but at the same time sustain the end results of such violation would be tantamount to denying the right to due process just the same. Indeed, the importance of this right which is guaranteed by the Constitution cannot be stressed strongly enough. In the case of *Bacus v. Ople*, we ruled:

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5 *Commissioner of Internal Revenue vs. Avon Products Manufacturing, Inc., et seq.*, G.R. Nos. 201398-99 and 201418-19, October 3, 2018.

6 *Commissioner of Internal Revenue vs. Spouses Remigio P. Magaan and Leticia L. Magaan*, G.R. No. 232663, May 3, 2021.

7 *Commissioner of Internal Revenue vs. Unioil Corporation*, G.R. No. 204405, August 4, 2021.

8 G.R. No. L-67784, February 28, 1986.

> The principle of due process furnishes a standard to which governmental action should conform in order to impress it with the stamp of validity. Fidelity to such standard must of necessity be the overriding concern of government agencies exercising quasi-judicial functions. Although a speedy administration of action implies a speedy trial, speed is not the chief objective of a trial. Respect for the rights of all parties and the requirements of procedural due process equally apply in proceedings before administrative agencies with quasi-judicial perspective in administrative decision making and for maintaining the vision which led to the creation of the administrative office.

On a final note, it is stressed that tax investigation and assessment necessarily demand the observance of due process because they affect the proprietary rights of specific persons.[9]

ACCORDINGLY, respondents' **Motion for Reconsideration (Re: Decision dated February 13, 2026)** is **DENIED** for lack of merit.

SO ORDERED.

CORAZON G. FERRER-FLORES
Associate Justice

We concur:

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

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[9] *Commissioner of Internal Revenue vs. Avon Products Manufacturing, Inc.*, G.R. Nos. 201398-99 & 201418-19, October 3, 2018