REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL THIRD DIVISION

ALE MART CORPORATION, Petitioner,	**CTA CASE NO. 8998**
	Members:
- versus -	**FABON-VICTORINO,** *and* **RINGPIS-LIBAN,** ***JJ.***
COMMISSIONER OF INTERNAL REVENUE, Respondent.	Promulgated: DEC 10 2018 3:42 p.m.

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RESOLUTION

RINGPIS-LIBAN, *J.*:

For the Court's resolution is respondent's **Motion for Reconsideration (Re: Amended Decision dated 17 August 2018),** filed on September 6, 2018, with petitioner's **Comment (On Respondent's Motion for Reconsideration),** filed on October 3, 2018.

Respondent moves for the reconsideration of the Court's Amended Decision dated August 17, 2018, the dispositive portion of which reads:

> "**WHEREFORE,** premises considered, Petitioner's **Motion for Partial Reconsideration *(of the Decision Promulgated on February 14, 2018*),** is **GRANTED;** while Respondent's **Motion for Partial Reconsideration Re: Decision dated 19 February 2018,** is **DENIED.**
>
> Accordingly, the Court's Decision dated February 14, 2018, is amended to read as follows:
>
>> '**WHEREFORE,** premises considered, the Petition for Review is **GRANTED.** Accordingly, the Formal Letter of Demand, Details of Discrepancy

> and Assessment Notices Nos. IT-116-LOA-00000093-10-14-1054, VT-116-LOA-00000093-10-14 1055, WE-116-LOA-00000093-10-14-1056 and WC-116-LOA-00000093-10-14-1057 for deficiency income tax, VAT, EWT and WTC in the total amount of Php481,137,433.13, are **CANCELLED** and **SET ASIDE**.
>
> **SO ORDERED**.'"

Respondent contends that the Court erred in ruling that the Final Assessment Notice (FAN) against petitioner is void for allegedly not containing a definite due date for the payment of the tax liabilities and in granting a relief that was not prayed for by petitioner. He claims that his basic right to fair play and due process was violated.

On the other hand, petitioner argues that the Court did not err in ruling that the FAN against petitioner is void for not containing a definite due date for payment of the tax liabilities and in granting a relief that was not prayed for by petitioner, which according to respondent violates his right to fair play and due process.

Respondent's motion lacks merit.

At the outset, it must be noted that the issue on the validity of Formal Letter of Demand (FLD)/FAN was extensively discussed and resolved in the Court's assailed Amended Decision.

It must be stressed that a FAN contains not only a computation of tax liabilities but also a demand for payment within a prescribed period. As soon as it is served, an obligation arises on the part of the taxpayer concerned to pay the amount assessed and demanded. It also signals the time when penalties and interests begin to accrue against the taxpayer.[1]

In the assailed Amended Decision, the Court found that while the FLD states that petitioner must pay its deficiency tax liabilities through the Electronic Filing and Payment System (EFPS), it does not, however, contain a fixed and definite period when the payment should be made. The accompanying Assessment Notices do not also specify dates for payment.

[1] *Commissioner of Internal Revenue vs. Transitions Optical Philippines, Inc.*, G.R. No. 227544, November 22, 2017.

Therefore, the absence of the specific period in the FLD and Assessment Notices negates respondent's demand for payment and makes the assessment void.

An invalid assessment bears no valid fruit. The law imposes a substantive, not merely a formal, requirement. To proceed heedlessly with tax collection without first establishing a valid assessment is evidently violative of the cardinal principle in administrative investigations: that taxpayers should be able to present their case and adduce supporting evidence.[2]

Taxes are the lifeblood of government and should be collected without hindrance. However, the collection of taxes should be exercised "reasonably and in accordance with the prescribed procedure." The essential nature of taxes for the existence of the State grants government with vast remedies to ensure its collection. However, taxpayers are guaranteed their fundamental right to due process of law, as articulated in various ways in the process of tax assessment. After all, the State's purpose is to ensure the well-being of its citizens, not simply to deprive them of their fundamental rights.[3]

Moreover, it is worthy to note that the Court 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, pursuant to Section 1, Rule 14 of A.M. No. 05-11-07-CTA, or the Revised Rules of the Court of Tax Appeals.[4]

The determination on petitioner's liability for the tax deficiencies necessarily includes the determination on the validity of the FLD/FAN issued by respondent. To sustain respondent's argument despite the glaring nullity of the FLD would result in greater injustice to petitioner considering that a void assessment bears no valid fruit. On this basis, the Court was, therefore, well within its authority to resolve the question on the validity of FLD/FAN and grant a relief in relation thereto, if necessary.

WHEREFORE, premises considered, respondent's **Motion for Reconsideration (Re: Amended Decision dated 17 August 2018)** is **DENIED.**

SO ORDERED.

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[2] *Commissioner of Internal Revenue vs. BASF Coating + Inks Phils., Inc.,* G.R. No. 198677, November 26, 2014.

[3] *Commissioner of Internal Revenue vs. Fitness By Design, Inc.,* G.R. No. 215957, November 9, 2016.

[4] *Commissioner of Internal Revenue vs. Lancaster Philippines, Inc.,* G.R. No. 183408, July 12, 2017.

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

I CONCUR:

ESPERANZA R. FABON-VICTORINO
Associate Justice