REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

First Division

MAX HEALTH & LIVING INTERNATIONAL, INC.,
Petitioner,

-*versus*-

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA Case No. 9628

Members:

DEL ROSARIO, *P.J., Chairperson,*
MANAHAN *and*
REYES-FAJARDO, *JJ.*

Promulgated:

MAR 2 1 2022 9:43a

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RESOLUTION

MANAHAN, *J.:*

This resolves respondent's **Motion for Reconsideration (Re: Decision dated 26 October 2021)** filed on December 1, 2021, praying for the reversal of the Court's *Decision* dated October 26, 2021 (Assailed Decision) and petitioner's Petition for Review be dismissed for lack of merit.

Respondent argues that this Court erred in ruling on an issue not raised by petitioner as defined in the Pre-Trial Order of the instant case. Respondent insists that this Court should be bound by the issues raised in the parties' pleadings.

On the other hand, petitioner, in its **Comment/Opposition (Re: Motion for Reconsideration of Respondent Commissioner of Internal Revenue Dated 26 November 2021)** filed on February 21, 2022, argues that this Court is not bound by nor confined to the issues which the parties adopted during the pre-trial. Petitioner insists that respondent's right to collect the alleged deficiency taxes has already prescribed and that there is no legal and factual basis for the computation of the alleged improperly accumulated earnings tax.

Although the issue raised by respondent was already thoroughly discussed in the Assailed Decision, this Court would like to emphasize that this Court is not bound by the issues raised by the parties as held by the Supreme Court in *Commissioner of Internal Revenue v. Lancaster Philippines, Inc.*[1], to wit:

> On whether the CTA can resolve an issue which was not raised by the parties, we rule in the affirmative.
>
> Under Section 1, 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:
>
>> SECTION 1. *Rendition of judgment.* - x x x
>>
>> 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.
>
> The above section is clearly worded. On the basis thereof, the CTA Division was, therefore, well within its authority to consider in its decision the question on the scope of authority of the revenue officers who were named in the LOA even though the parties had not raised the same in their pleadings or memoranda, The CTA En Banc was likewise correct in sustaining the CTA Division's view concerning such matter.

Since no new and substantial arguments have been propounded by respondent in his Motion for Reconsideration (MR) and a second look at the MR yields no contrary finding and judgment, the Court finds no compelling reason to reverse the Assailed Decision.

WHEREFORE, respondent's *Motion for Reconsideration (Re: Decision dated 26 October 2021)* is hereby **DENIED** for lack of merit.

SO ORDERED.

Catherine T. Manahan

CATHERINE T. MANAHAN
Associate Justice

[1] G.R. No. 183408, July 12, 2017.

WE CONCUR:

ROMAN G. DEL ROSARIO
Presiding Justice

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