REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL SECOND DIVISION

PROVIDERS MULTI-PURPOSE COOPERATIVE (PMPC), *Petitioner,*	**CTA CASE NO. 11274**
	Members:
- versus -	**RINGPIS-LIBAN**, *Chairperson,* **MODESTO-SAN PEDRO**, *and* **FERRER-FLORES**, *JJ.*
COMMISSIONER OF INTERNAL REVENUE, *Respondent.*	Promulgated: JUN 16 2026

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DECISION

***MODESTO-SAN PEDRO, J.*:**

The Case

The Petition for Review filed on September 29, 2023, prays for the reversal of the Final Decision on Disputed Assessment ("FDDA") and for exemption from payment of the deficiency assessments on income tax ("IT"), value-added tax ("VAT"), documentary stamp tax ("DST"), and registration fees, in the aggregate amount of ₱104,021,567.90, inclusive of interests, surcharges and penalties, for taxable year ("TY") 2019.[1]

The Parties

Petitioner Providers Multi-Purpose Cooperative ("PMPC") is a cooperative duly created and organized in accordance with Philippine laws on November 19, 2009 and duly registered as such with the Cooperative Development Authority ("CDA").[2]

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[1] Summary of the Case, Pre-Trial Order, Docket – Vol. II, p. 555.
[2] Par. 1, Stipulation of Facts (For Petitioner), *id.*

Petitioner is registered with the CDA with Certificate of Registration No. Certificate of Registration No. 9520-02002909 dated November 19, 2009[3] under its original name Providers Savings and Credit Cooperative ("PSCC") and, later, with Certificate of Registration No. 9520-02002909-2 dated August 11, 2015[4] issued under its present name PMPC, after registering its Amended Articles of Cooperation and By-Laws.[5] The amendment changed petitioner's name and expanded its registered activities as a multi-purpose cooperative.

In addition, petitioner was issued Certificate of Tax Exemption ("CTE") No. COOP-004-15-RR-03-RDO-015 dated January 15, 2015[6] under its old name PSCC, with a validity period of five years from January 15, 2015 to January 15, 2020.

Respondent Commissioner of Internal Revenue ("CIR"; "Commissioner") is a government officer holding office at the Bureau of Internal Revenue ("BIR") National Office Building, BIR Road, Diliman, Quezon City.[7]

The Facts

On March 9, 2021, petitioner received electronic Letter of Authority ("LOA") eLA201600064891 / LOA-015-2021-00000109, dated March 3, 2021, authorizing the examination of its books of accounts and other accounting records for all internal revenue taxes, including documentary stamp tax ("DST") and other taxes, for the taxable period January 1, 2019 to December 31, 2019.[8]

On December 12, 2022, petitioner received the Preliminary Assessment Notice ("PAN") dated December 1, 2022 assessing it for deficiency income tax, VAT, DST on regular transactions, DST on one-time transactions ("ONETT"), registration fee, and compromise penalties amounting to ₱103,187,197.90.[9] Based on the PAN, since there is no issued CTE for "Providers Multi-Purpose Cooperative" covering the TY 2019, petitioner is deemed to have no tax exemption from the time it changed its name and other registered activities.

Petitioner replied thereto via a PAN-Protest letter on December 27, 2022.[10]

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3 Exhibit "P-5", *id.* at 607.
4 Exhibit "P-9", *id.* at 648.
5 Exhibits "P-7" and "P-8", *id.* at 610 to 647.
6 Exhibit "P-6", *id.* at 608 to 609.
7 Par. 1, Stipulation of Facts (For Respondent), *id.* at 556.
8 Exhibit "R-1", BIR Records, p. 73.
9 Exhibits "R-11" to "R-11-1", *id.* at 413 to 421.
10 As found in BIR Records (Exhibit "R-17"), *id.* at 148 to 168.

On April 13, 2023, petitioner received the Formal Letters of Demand and Final Assessment Notices ("FLD/FAN") dated April 5, 2023, with attached Details of Discrepancies, demanding payment of deficiency income tax, VAT, DST on regular transactions, registration fee, and compromise penalties amounting to ₱104,021,567.90. The DST on ONETT was cancelled in light of petitioner's arguments against it.[11]

On May 12, 2023, petitioner filed its FLD/FAN Protest in the nature of a request for reconsideration.[12]

On August 31, 2023, petitioner received the FDDA dated August 11, 2023,[13] upholding the assessments in the FLD/FAN *in toto*.

Petitioner filed a Petition for Review before this Court on September 29, 2023,[14] and an Amended Petition for Review on November 20, 2023.[15] Respondent filed his Answer on May 10, 2024[16] and transmitted the BIR Records consisting of nine folders on May 20, 2024.[17]

The Pre-Trial Conference was held on July 11, 2024.[18] Prior thereto, respondent's and petitioner's respective Pre-Trial Briefs were filed on July 5, 2024[19] and July 8, 2024,[20] respectively.

The case was referred to mediation before the Philippine Mediation Center – Court of Tax Appeals on July 29, 2024, but the parties did not agree to mediate.[21]

The Pre-Trial Order was then issued on October 7, 2024.[22]

Trial ensued with the parties presenting their respective testimonial and documentary evidence.

Petitioner offered the testimony of Ms. Marie Dee B. Belagan,[23] the Chairperson of the Board of Directors of petitioner.

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[11] Exhibits "R-12", "R-12-1", and "R-13", *id.* at 431 to 448.
[12] As found in BIR Records (Exhibit "R-17"), *id.* at 579 to 593.
[13] Exhibit "R-16", *id.* at 579 to 659.
[14] Docket – Vol I, pp. 6 to 16.
[15] *Id.* at 151 to 164.
[16] Docket – Vol II, pp. 482 to 496.
[17] *Id.* at 497 to 499.
[18] Minutes of hearing held on, and Order dated, July 11, 2024, *id.* at 538 to 539.
[19] *Id.* at 502 to 506.
[20] *Id.* at 512 to 515.
[21] *Id.* at 543.
[22] *Id.* at 555 to 560.
[23] Docket – Vol. I, pp. 337 to 341; Minutes of the hearing held on, and Order, dated October 8, 2024, Docket – Vol. II, pp. 561 to 563.

Petitioner filed its Formal Offer of Evidence on October 14, 2024,[24] with Respondent's Comment (Re: Petitioner's Formal Offer of Documentary Exhibits in Evidence) filed on October 21, 2024.[25] In the Resolution dated February 18, 2025,[26] the Court admitted all of petitioner's evidence.

For his part, respondent offered the testimony of RO Glen Mart C. Columna.[27]

Respondent then filed his Formal Offer of Evidence on March 4, 2025,[28] with petitioner's Comment filed on March 20, 2025.[29] In the Resolution dated May 15, 2025, the Court resolved to admit all of respondent's evidence.[30]

Respondent filed his Memorandum on July 7, 2025,[31] while petitioner's Memorandum was submitted on July 22, 2025.[32] Thus, in a Minute Resolution dated August 8, 2025, the case was submitted for decision.

Hence, this Decision.

<u>The Issue</u>

The parties stipulated that the issue to be resolved is:

> Whether for petitioner is liable for deficiency Income Tax (IT), Value-Added Tax (VAT), Documentary Stamp Tax (DST), and Registration Fees, in the aggregate amount of ₱104,021,567.90, inclusive of interests, surcharges and penalties, for taxable year 2019.[33]

<u>Arguments of the Parties</u>

Petitioner's Arguments:

Petitioner argues that it is entitled to tax exemption in TY 2019 even if it did not secure a new CTE under its present name. Since PSCC and PMPC are one and the same entity, petitioner claims that it is not required to secure

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24 Docket – Vol. II, pp. 569 to 571.
25 *Id.* at 563 to 565.
26 *Id.* at 570 to 571.
27 Exhibit "R-18", *id.* at 525 to 536; Minutes of the hearing held on, and Order, dated February 18, 2025, *id.* at 572 to 574.
28 *Id.* at 576 to 584.
29 *Id.* at 588 to 589.
30 *Id.* at 593 to 594.
31 *Id.* at 595 to 611.
32 *Id.* at 612 to 622.
33 Stipulation of Issue, Pre-Trial Order, *id.* at 556.

a new CTE. Further, it asserts that its entitlement for tax exemption is granted by law, particularly under *Art. 60 of Republic Act ("R.A.") No. 9520*, or the *Philippine Cooperative Code of 2008*, and not by the CTE issued by the BIR.

Respondent's Counter-arguments:

Respondent counter-argues that petitioner failed to secure a CTE as a multi-purpose cooperative, hence, it is not exempt from taxation for TY2019 and that its misrepresentation as a cooperative transacting with members only and its failure to disclose its transactions with non-members may disqualify it for tax exemption.

The Ruling of the Court

The Petition must be **GRANTED**.

Absence of a CTE does not defeat petitioner's entitlement to tax exemption under R.A. 9520.

It is undisputed that petitioner is registered with the CDA bearing Certificate of Registration No. 9520-02002909 dated November 19, 2009[34] issued under petitioner's original name PSCC and Certificate of Registration No. 9520-02002909-2 dated August 11, 2015[35] issued under its present name PMPC, after registering its Amended Articles of Cooperation and By-Laws.

It also undisputed that petitioner was issued Certificate of Tax Exemption ("CTE") No. COOP-004-15-RR-03-RDO-015 dated January 15, 2015[36] under its old name PSCC. The CTE notably certifies that petitioner is a cooperative transacting with members only.

However, in asserting petitioner's deficiency tax liabilities to TY 2019, respondent is pounding on the former's non-entitlement to tax exemption as it failed to secure a CTE after it was issued a new CDA Certificate of Registration when it amended its Articles of Cooperation, by changing its name and expanding its registered activities. According to him, petitioner violated *Sections 12 and 13 of the Joint Rules and Regulation Implementing Articles 60, 61 and 144 of R.A. No. 9520* ("*Joint Rules*"), which provides:

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[34] Exhibit "P-5", *id.* at 607.
[35] Exhibit "P-9", *id.* at 648.
[36] Exhibit "P-6", *id.* at 608 to 609.

Section 12. *CERTIFICATE OF TAX EXEMPTION/RULING.* - All cooperatives which were issued a new certificate of registration by the CDA in compliance to Article 144 (1) of RA 9520 *and subsequent new cooperatives to be registered under the same Act shall secure their certificate of tax exemption from the BIR by way of confirmatory ruling* to be issued by the Regional Director or by the Assistant Commissioner of Internal Revenue (ACIR), Legal Service, as the case may be, in accordance with the delegated authority granted to them by RDAO No. 3-2009.

However, the application for Certificate of Tax Exemption of cooperatives whose accumulated reserves and undivided net savings do not exceed Ten Million Pesos (P10, 000, 000.00) shall be acted upon within forty-five (45) days upon submission of all the required documents. Otherwise the BIR officer/employee concerned may be held liable under Article 140 of RA 9520.

Such cooperatives are required to be registered with the BIR, but shall be exempt from the payment of the annual registration fee of P500.00.

Section 13. *DOCUMENTS TO BE ATTACHED TO THE LETTER - APPLICATION FOR THE ISSUANCE OF A CERTIFICATE OF TAX EXEMPTION/RULING.* - A letter-application signed by the Chairman/General Manager of a cooperative, or his duly authorized representative shall be submitted to the Revenue District Office which has jurisdiction over the principal place of business of the cooperative. Such Revenue District Office shall transmit the application for tax exemption within five (5) working days from the filing of the said letter-request accompanied by the required documentary requirements to the Legal Division of the Regional Office or the Assistant Commissioner, Legal Service, as the case may be. The letter-application shall state the type of the cooperative and the transactions engaged in with members/non-members. The following documents shall be attached to said application:

. . . .

The application for exemption by a qualified cooperative is a pre-requisite for availment of tax exemption by said cooperative. The Certificate of Tax Exemption/Ruling shall be issued only after determination by the BIR that the cooperative has complied with all the necessary documentary requirements for entitlement under RA 9520, as enumerated above.

The Certificate of Tax Exemption/Ruling must be signed by the BIR Regional Director/Assistant Commissioner, Legal Service, as the case may be, and shall be acted upon within forty-five (45) days from the date of submission of the complete documentary requirements, otherwise the. BIR officer/employee concerned may be held liable under Article 140 of RA 9520.

All duly registered cooperatives under RA 9520 shall apply for a Certificate of Tax Exemption/Ruling within sixty (60) days counted from the date of issuance of certificate of registration.

Exemption from taxes herein stated shall apply to the duly-registered cooperatives on the year the certificate of tax exemption/ruling was issued. However, for the initial issuance of the Certificate of Tax Exemption/Ruling under RA 9520, the effectivity of such Certificate of Tax

> Exemption/Ruling issued shall commence from the year RA 9520 took effect: Provided, That the cooperative has registered with the CDA as provided for under Article 144 of RA 9520.
>
> For applications for tax exemption not filed within the prescribed period, the late applicants shall be subjected to internal revenue taxes prior to the issuance of the Certificate of Tax Exemption/Ruling; however they can apply for tax credit/refund of taxes previously paid from the date of registration with the CDA up to the issuance of the Certificate of Tax Exemption/Ruling, subject to the rules and procedures for processing tax credit/refund. The BIR shall act on the request for tax refund of taxes previously paid within one hundred twenty (120) days from submission of the complete documents in support of the application filed.
> (Italics supplied.)

The foregoing requirement to secure a CTE is further clarified in *Revenue Memorandum Order ("RMO") No. 076-10*, which prescribes the policies and guidelines in the issuance of CTE of cooperatives, particularly that:

> 3. A cooperative applying for tax exemption shall be required, as a condition for the issuance of Certificate of Tax Exemption, to update its BIR Registration with the Revenue District Office (RDO) having jurisdiction over the cooperative's principal place of business.
>
> 4. The cooperative's application for Registration Update may be processed simultaneously with the cooperative's application for tax exemption.

On the other hand, petitioner argues that it is not required to secure a new CTE considering that PSCC and PMPC is one and the same person and that it is the law which grants its tax exemption and not a CTE.

We agree with respondent to such extent that petitioner should have applied for a new CTE after it registered its amended name and expanded its registered activities. The purpose of such is to confirm, after due assessment of the new circumstances, that petitioner is indeed entitled to tax exemption under *R.A. 9520*.

However, a failure to secure a CTE does not defeat a cooperative-taxpayer's entitlement to tax exemptions under *R.A. 9520*. The relevant provisions thereof are laid down in *Arts. 60 and 61*:

> ART. 60. *Tax Treatment of Cooperatives.* — Duly registered cooperatives under this Code which do not transact any business with non-members or the general public shall not be subject to any taxes and fees imposed under the internal revenue laws and other tax laws. Cooperatives not falling under this article shall be governed by the succeeding section.

ART. 61. *Tax and Other Exemptions.* — Cooperatives transacting business with both members and non-members shall not be subject to tax on their transactions with members. In relation to this, the transactions of members with the cooperative shall not be subject to any taxes and fees, including but not limited to final taxes on members' deposits and documentary tax. Notwithstanding the provisions of any law or regulation to the contrary, such cooperatives dealing with nonmembers shall enjoy the following tax exemptions:

(1) Cooperatives with accumulated reserves and undivided net savings of not more than Ten million pesos (P10,000,000.00) shall be exempt from all national, city, provincial, municipal or barangay taxes of whatever name and nature. Such cooperatives shall be exempt from customs duties, advance sales or compensating taxes on their importation of machineries, equipment and spare parts used by them and which are not available locally as certified by the Department of Trade and Industry (DTI). All tax-free importations shall not be sold nor the beneficial ownership thereof be transferred to any person until after five (5) years, otherwise, the cooperative and the transferee or assignee shall be solidarily liable to pay twice the amount of the imposed tax and/or duties.

(2) Cooperatives with accumulated reserves and undivided net savings of more than Ten million pesos (P10,000,000.00) shall pay the following taxes at the full rate:

(a) Income Tax — On the amount allocated for interest on capitals: Provided, That the same tax is not consequently imposed on interest individually received by members: Provided, further, That cooperatives, regardless of classification, are exempt from income tax from the date of registration with the Authority;

(b) Value-Added Tax — On transactions with non-members: Provided, however, That cooperatives duly registered with the Authority, are exempt from the payment of value-added tax, subject to Section 109, sub-sections L, M and N of Republic Act No. 9337, the National Internal Revenue Code, as amended: Provided, That the exempt transaction under Section 109 (L) shall include sales made by cooperatives duly registered with the Authority organized and operated by its members to undertake the production and processing of raw materials or of goods produced by its members into finished or processed products for sale by the cooperative to its members and non-members: Provided, further, That any processed product or its derivative arising from the raw materials produced by its members, sold in the name and for the account of the cooperative, shall be deemed a product of the cooperative: Provided, finally, That at least twenty-five per centum (25%) of the net income of the cooperatives is returned to the members in the form of interest and/or patronage refunds;

(c) All other taxes unless otherwise provided herein; and

> (d) Donations to charitable, research and educational institutions and reinvestment to socioeconomic projects within the area of operation of the cooperative may be tax deductible.
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> (3) All cooperatives, regardless of the amount of accumulated reserves and undivided net savings shall be exempt from payment of local taxes and taxes on transactions with banks and insurance companies: Provided, That all sales or services rendered for non-members shall be subject to the applicable percentage taxes except sales made by producers, marketing or service cooperatives: Provided, further, That nothing in this article shall preclude the examination of the books of accounts or other accounting records of the cooperative by duly authorized internal revenue officers for internal revenue tax purposes only, after previous authorization by the Authority.
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> (4) In areas where there are no available notaries public, the judge, exercising his ex officio capacity as notary public, shall render service, free of charge, to any person or group of persons requiring the administration of oath or the acknowledgment of articles of cooperation and instruments of loan from cooperatives not exceeding Five hundred thousand pesos (P500,000.00).
>
> (5) Any register of deeds shall accept for registration, free of charge, any instrument relative to a loan made under this Code which does not exceed Two hundred fifty thousand pesos (P250,000.00) or the deeds of title of any property acquired by the cooperative or any paper or document drawn in connection with any action brought by the cooperative or with any court judgment rendered in its favor or any instrument relative to a bond of any accountable officer of a cooperative for the faithful performance of his duties and obligations.
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> (6) Cooperatives shall be exempt from the payment of all court and sheriff's fees payable to the Philippine Government for and in connection with all actions brought under this Code, or where such actions is brought by the Authority before the court, to enforce the payment of obligations contracted in favor of the cooperative.
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> (7) All cooperatives shall be exempt from putting up a bond for bringing an appeal against the decision of an inferior court or for seeking to set aside any third party claim: Provided, That a certification of the Authority showing that the net assets of the cooperative are in excess of the amount of the bond required by the court in similar cases shall be accepted by the court as a sufficient bond.
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> (8) Any security issued by cooperatives shall be exempt from the provisions of the Securities Act provided such security shall not be speculative.

Notably, We cannot find any provision in the foregoing law which states that an exempt cooperative is required to secure any certification or any documentation, whatsoever, from any government body or agency, in order to be entitled to said tax benefits. Such requirement is found only in *Sec. 13 of the Joint Rules*, which is erroneous considering that it unduly added an additional requirement for the entitlement of tax exemption, which the law itself does not contemplate.

Further, *Sec. 12 of the Joint Rules* provides that ". . . subsequent new cooperatives to be registered under the same Act shall secure their certificate of tax exemption from the BIR *by way of confirmatory ruling* to be issued by the Regional Director or by the Assistant Commissioner of Internal Revenue (ACIR), Legal Service, as the case may be, . . ."

As it is worded, the nature of the CTE is merely confirmatory and not, in itself, a source of tax exemption.

In *Commissioner of Internal Revenue v. Co, et. al.*,[37] the High Court clarified that no prior confirmatory ruling is required for tax exemption or refund, thus:

> BIR rulings are the official position of the Bureau to queries raised by taxpayers and other stakeholders relative to clarification and interpretation of tax laws. In this regard, the primary purpose of a BIR Ruling is simply to determine whether a certain transaction, under the law, is taxable or not based on the circumstances provided by the taxpayer. As admitted by the CIR, *rulings merely operate to "confirm" the existence of the conditions for exemption provided under the law. If all the requirements for exemption set forth under the law are complied with, the transaction is considered exempt, whether or not a prior BIR ruling was secured by the taxpayer.*
> (Italics supplied.)

As in this case, the *Joint Rules* itself clarifies that the nature of a CTE to be issued by the BIR is a "confirmatory ruling". Being merely a confirmatory ruling, its absence cannot defeat a CDA-registered cooperative-taxpayer's entitlement to tax exemptions under *Arts. 60 or 61 of R.A. No. 9520.*

But then, ruling so does not automatically result to the immediate cancellation of the disputed tax assessment. We have to assess whether petitioner is indeed entitled to tax exemption under *Arts. 60* or *61 of R.A. No. 9520.*

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[37] G.R. No. 241424, February 26, 2020.

Petitioner claims that it is exclusively transacting with its members and is, thus, entitled to tax exemption under *Art. 60 of R.A. No. 9520*. On this aspect, respondent asserts otherwise as he found that petitioner is transacting with non-members, as well, quoting its findings in the FDDA:

> The Report of the Board of Directors (Page 26, PMPC CY Annual Report affirms sale even to non-members.
>
> . . . .
>
> As to the other types of cooperatives, while it does not expressly mention transactions with members and non-members, one could deduce that by their very nature, transactions with non-members are inevitable, such as that transport cooperative, marketing cooperative, education cooperative and service cooperative engaged in medical and dental care, hospitalization, transportation, among others.

Notably, the foregoing finding was not disputed by petitioner. Nevertheless, while petitioner no longer qualifies for tax exemption under *Art. 60 of R.A. 9520*, it is, instead, still entitled to tax exemption under *Art. 61 of the same*, which provides for tax exemption on transactions with members and only certain tax exemptions on transactions with non-members or the general public.

Thus, the Court must also examine the merits of the deficiency tax assessment itself to determine the extent of petitioner's deficiency tax liabilities in accordance with *Art. 61 of R.A. 9520.*

Respondent's FLD/FAN assessed petitioner of the following deficiency taxes:

Deficiency income tax	₱ 47,566,735.88
Deficiency VAT	53,462,233.26
Deficiency DST - regular	2,985,570.76
Registration fee	7,028.00
Compromise penalties	148,000.00
Total	**₱104,169,567.90**

A perusal of the foregoing assessments warrants its cancellation altogether, as will be discussed hereunder.

Respondent's right to assess petitioner for deficiency VAT and DST, and registration fees already prescribed.

Section 203 of the Tax Code provides that the BIR has the authority to assess a taxpayer within three years from the last day prescribed by law for the filing of the return:

> Section 203. *Period of Limitation Upon Assessment and Collection.* – Except as provided in Section 222, internal revenue taxes shall be assessed within three (3) years after the last day prescribed by law for the filing of the return, and no proceeding in court without assessment for the collection of such taxes shall be begun after the expiration of such period: Provided, That in a case where a return is filed beyond the period prescribed by law, the three (3)-year period shall be counted from the day the return was filed. For purposes of this Section, a return filed before the last day prescribed by law for the filing thereof shall be considered as filed on such last day.

Based on the foregoing, the BIR's right to assess petitioner for the taxes stated in the FLD/FAN already prescribed, save for the income tax, as can be analyzed below:

Tax Return for TY 2019	Last Day Prescribed for Filing	End of 3-Year Period to Assess	Date of Issuance of FLD/FAN	BIR's Authority to Assess
Annual Income Tax Return ("AITR")	April 15, 2020	April 15, 2023	April 5, 2023	Not prescribed
1st Quarterly VAT Return	April 25, 2019	April 25, 2022		Prescribed
2nd Quarterly VAT Return	July 25, 2019	July 25, 2022		Prescribed
3rd Quarterly VAT Return	October 25, 2019	October 25, 2022		Prescribed
4th Quarterly VAT Return	January 25, 2020	January 25, 2023		Prescribed
DST Returns	January 5, 2020	January 5, 2023		Prescribed
Registration fees	January 31, 2019	January 31, 2022		Prescribed

Considering that FLD/FAN does not invoke the application of exceptions under *Section 222 of the Tax Code*, the three-year period to assess indeed applies.

Accordingly, the deficiency VAT, DST, and registration fees must be cancelled on the ground of prescription. y

Respondent's deficiency income tax assessment lacks factual basis.

The Details of Discrepancy attached to the FLD/FAN explained the petitioner's net income amounting to ₱86,124,816.00 reported as Exempt income per AITR is subject to 30% Regular Income tax rate pursuant to *Section 27(A) of the National Internal Revenue Code of 1997, as amended*, ("the *Tax Code*").

Apparently, BIR haphazardly assessed the whole amount of petitioner's reported net income in its AITR even without determining how much thereof pertains to transactions with its members, which should be rightfully tax exempt under *R.A. 9520*. Further, with respect to net income pertaining to transactions with non-members, the BIR failed to determine which transaction/s are entitled to tax exemption and which transactions are taxable based on the enumerations under *Art. 61 of R.A. 9520.*

Such approach is wanting of the factual basis required under *Section 228 of the Tax Code*,[38] and, consequently, renders the deficiency income tax assessment void.

Respondent cannot unilaterally impose compromise penalties.

Respondent assessed petitioner with compromise penalties totaling ₱148,000.00 for the following alleged violations:

1.) Non-filing of BIR Form No. 0619-E for the month of February;
2.) Failure to submit Quarterly Alphalists of Payees;
3.) Non-filing of BIR Form No. 1601-C for the month of February;
4.) Failure to submit Quarterly Alphalist of Employees;
5.) Failure to file and/or pay income tax at the time or times required by law or regulation;
6.) Failure to file and/or pay VAT at the time or times required by law or regulation;
7.) Failure to file and/or pay DST-Regular at the time or times required by law or regulation; and
8.) Failure to pay registration fee at the time or times required by law or regulation.

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[38] SEC. 228. *Protesting of Assessment*. - . . . .

The taxpayers shall be informed in writing of the law and the facts on which the assessment is made; otherwise, the assessment shall be void.

The imposition of compromise penalties must be cancelled as it lacks factual and legal basis.

In *San Miguel Corp. v. Commissioner of Internal Revenue*,[39] the Supreme Court ruled that a compromise penalty should not be imposed on [the taxpayer], as compromise is, by its nature, mutual in essence. The records do not show that [the taxpayer] agreed to the compromise penalty. This is bolstered by the fact that [the taxpayer] disputed the assessment made by the CIR. It must also be noted that compromise penalty are amounts suggested in the settlement of criminal tax liability. Since [the taxpayer]'s case does not involve criminal tax liabilities, the compromise penalty should not have been imposed and collected.

Similarly, in this case, there was no mutual agreement on the imposition of compromise penalties, especially considering that petitioner contested such imposition from its PAN-Protest up to its FLD/FAN Protest. Further, there was no imputation of any criminal tax liability in this case which may justify the imposition of a compromise penalty in lieu thereof.

With the foregoing considered, while We find petitioner should be liable for taxes on its transactions with non-members in accordance with *Art. 61 of R.A. 9520*, the deficiency tax assessments cannot be sustained for lack of factual and legal basis and on the ground of prescription.

ACCORDINGLY, the *Petition for Review* is **GRANTED**. The deficiency income tax, VAT, DST, and registration fee assessments, and compromise penalties for TY 2019 issued against petitioner are hereby **CANCELLED** and **SET ASIDE**.

SO ORDERED.

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

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[39] G.R. Nos. 257697 & 259446, April 12, 2023.

WE CONCUR:

With Concurring Opinion
MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

CORAZON G. FERRER-FLORES
Associate Justice

C E R T I F I C A T I O N

Pursuant to Article VIII, Section 13 of the Constitution it is hereby certified that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court.

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL SECOND DIVISION

PROVIDERS MULTI-PURPOSE COOPERATIVE (PMPC),
Petitioner,

-versus-

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA Case No. 11274

Members:

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

Promulgated:

JUN 16 2026

4:27 p.m.

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CONCURRING OPINION

RINGPIS-LIBAN, *P.J.:*

I agree with the conclusion reached in the Decision, granting the Petition for Review and cancelling the subject assessments.

The *ponencia* ruled, among others, that petitioner's change of corporate name from Providers Savings and Credit Cooperative (PSCC), to Providers Multi-Purpose Cooperative (PMPC), does not defeat its entitlement to tax exemption under Republic Act No. 9520, otherwise known as the *Philippine Cooperative Code of 2008*. The *ponencia* reasoned that petitioner need not avail another Certificate of Tax Exemption (CTE) which was previously granted under its old corporate name.

In addition to the points raised by my esteemed colleagues, the old case of *Philippine First Insurance Company, Inc. v. Maria Carmen Hartigan, CGH, and O. Engkee*,[1] still finds relevance and is instructive, as follows:

[1] G.R. No. L-26370, July 31, 1970.

> An authorized change in the name of a corporation has no more effect upon its identity as a corporation than a change of name of a natural person has upon his identity. **It does not affect the rights of the corporation or lessen or add to its obligations**. After a corporation has effected a change in its name it should sue and be sued in its new name ....
>
> A mere change in the name of a corporation, either by the legislature or by the corporators or stockholders under legislative authority, does not, generally speaking, affect the identity of the corporation, **nor in any way affect the rights, privileges, or obligations previously acquired or incurred by it**. Indeed, it has been said that a change of name by a corporation has no more effect upon the identity of the corporation than a change of name by a natural person has upon the identity of such person. The corporation, upon such change in its name, is in no sense a new corporation, nor the successor of the original one, but remains and continues to be the original corporation. It is the same corporation with a different name, and its character is in no respect changed.*(Emphasis supplied)*

Applying the above-quoted jurisprudence, petitioner's change of corporate name from PSCC to PMPC did not affect the rights and privileges, *i.e.*, tax exemption, it enjoyed under its old corporate name. Hence, petitioner is entitled to the tax exemptions it enjoyed under the terms of the CTE issued in favor of its old corporate name, PSCC.

FOR THESE REASONS, I **VOTE** to **GRANT** the Petition for Review.

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice