REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

CITY TREASURER OF PARAÑAQUE CITY, Petitioner,	**CTA EB NO. 2908** (CTA AC No. 270)
	Present:
- versus -	**RINGPIS-LIBAN,** *PJ,* **BACORRO-VILLENA, MODESTO-SAN PEDRO, REYES-FAJARDO, CUI-DAVID, FERRER-FLORES,** *and* **ANGELES** *JJ.*
	Promulgated:
ROYAL CARGO INC., Respondent.	FEB 04 2026 3:45 p.m.

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RESOLUTION

FERRER-FLORES, J.:

For the Court's resolution is petitioner's **Motion for Reconsideration** *(MR)* filed on May 29, 2025,[1] with respondent's **Comment/Opposition (to Petitioner's Motion for Reconsideration dated May 29, 2025)** filed on August 18, 2025.[2]

The dispositive portion of the assailed Decision dated April 15, 2025 reads:

> **WHEREFORE**, in light of the foregoing, the Petition for Review filed by petitioner City Treasurer of Parañaque City is hereby **DENIED**. The assailed Decision dated December 13, 2023 and the assailed Resolution dated February 27, 2024 of the Court in Division are hereby **AFFIRMED**.

[1] Rollo, pp. 115-124.
[2] *Id.* at 138.

SO ORDERED.

In its *MR*, petitioner insists that the Statement of Account (SOA) is a valid notice of assessment within the purview of Section 195 of the Local Government Code (LGC), as amended, and that the same may be issued independent of an audit or formal examination. For the Court to conclude that the SOA does not constitute a notice of assessment simply because it lacks a distinct line item labeled "deficiency" reflects an overly technical and restrictive interpretation of Section 195 of the LGC, as amended, to the prejudice of the government. Petitioner believes that a SOA is not merely a billing statement or a procedural requirement for the issuance of business permit. Rather, it fulfills the requirements of a notice of assessment under Section 195 of the LGC.

Respondent, on the other hand, echoes the Court's ruling that the SOA is not the assessment contemplated in Section 195 of the LGC, as amended, and that the judicial recourse was timely filed.

Petitioner's *MR* is bereft of merit.

At the outset, petitioner's arguments are mere reiterations of its previous contentions already carefully considered and passed upon by the Court. There is, therefore, no reason to belabor on the discussions in the assailed Decision, for to do so would be superfluous.

Be that as it may, the Court shall address petitioner's contention above that the Court is adopting an overly technical and restrictive interpretation in Section 195 of the LGC, as amended, in concluding that the SOA does not constitute an assessment because it lacks the distinct line item labeled "deficiency".

We disagree with petitioner.

In the recent case of *Jose vs. Tigerway Facilities and Resources, Inc.*,[3] the Supreme Court also held as follows:

> Pertinently, Section 195 explicitly states that the notice of assessment must indicate the nature of the tax, fee, or charge, the amount of deficiency, the surcharges, interests, and penalties. In *Yamane v. BA Lepanto Condominium Corporation*, this Court clarified this requirement:
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> > Ostensibly, the notice of assessment, which stands as the first instance the taxpayer is officially made aware of the pending

[3] G.R. No. 247331, February 26, 2024.

tax liability, should be sufficiently informative to apprise the taxpayer the legal basis of the tax. Section 195 of the Local Government Code does not go as far as to expressly require that the notice of assessment specifically cite the provision of the ordinance involved but it does require that it state the nature of the tax, fee or charge, the amount of deficiency, surcharges, interests and penalties. In this case, the notice of assessment sent to the Corporation did state that the assessment was for business taxes, as well as the amount of the assessment. There may have been *prima facie* compliance with the requirement under Section 195. However in this case, the Revenue Code provides multiple provisions on business taxes, and at varying rates. Hence, we could appreciate the Corporation's confusion, as expressed in its protest, as to the exact legal basis for the tax. Reference to the local tax ordinance is vital, for the power of local government units to impose local taxes is exercised through the appropriate ordinance enacted by the sanggunian, and not by the Local Government Code alone. What determines tax liability is the tax ordinance, the Local Government Code being the enabling law for the local legislative body.

Furthermore, in *National Power Corporation v. Province of Pampanga*, **this Court elucidated on the significance of the taxing authority's duty <u>to adequately inform the taxpayer of the factual and legal basis for the assessment</u>**, thus:

> Verily, taxpayers must be informed of the nature of the deficiency tax, fee, or charge, as well as the amount of deficiency, surcharge, interest, and penalty. **Failure of the taxing authority to sufficiently inform the taxpayer of the facts and law used as bases for the assessment will render the assessment void**. In *Commissioner of Internal Revenue v. Fitness by Design, Inc.*, albeit involving national internal revenue taxes, the Court explained the importance of the notice requirement with due regard to the taxpayers' constitutional rights, to wit:
>
>> The rationale behind the requirement that taxpayers should be informed of the facts and the law on which the assessments are based conforms with the constitutional mandate that no person shall be deprived of his or her property without due process of law. Between the power of the State to tax and an individual's right to due process, the scale favors the right of the taxpayer to due process.
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>> The purpose of the written notice requirement is to aid the taxpayer in making a reasonable protest, if necessary. Merely notifying the taxpayer of his or her tax liabilities without details or particulars is not enough.
>>
>> *Commissioner of Internal Revenue v. United Salvage and Towage (Phils.), Inc.*, held that a final assessment notice that only contained a table of taxes with no other details was insufficient: x x x

> Any deficiency to the mandated content of the assessment or its process will not be tolerated. x x x
>
> xxx xxx xxx
>
> A final assessment notice provides for the amount of tax due with a demand for payment. This is to determine the amount of tax due to a taxpayer. However, due process requires that taxpayers be informed in writing of the facts and law on which the assessment is based in order to aid the taxpayer in making a reasonable protest. To immediately ensue with tax collection without initially substantiating a valid assessment contravenes the principle in administrative investigations 'that taxpayers should be able to present their case and adduce supporting evidence.' (Citations omitted; Emphasis in the original)." (*Emphases and underscoring added)*

Indubitably, Section 195 of the LGC of 1991 requires that the notice of assessment state the nature of the tax, fee or charge, the amount of deficiency, surcharges, interests and penalties. Failure of the taxing authority to sufficiently inform the taxpayer of the facts and law used as bases for the assessment will render the assessment void.

Here, it is apparent from the subject SOA that the same was *not* issued pursuant to a conduct of audit or examination of respondent's books of accounts, rather as a pre-requisite for the issuance/renewal of petitioner's business permit. There were no indicia that the City Treasurer of Parañaque City or his/her duly authorized representative made a finding that petitioner failed to pay correct taxes, fees, or charges, or that there was a subsequently issued notice of assessment against petitioner, stating the nature of the tax, fee, or charge, the amount of deficiency, the surcharges, interests, and penalties.

All told, petitioner's *MR* failed to present matters warranting reconsideration from this Court.

WHEREFORE, premises considered, petitioner's **Motion for Reconsideration** is **DENIED** for lack of merit.

SO ORDERED.

CORAZON G. FERRER-FLORES
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

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

ON LEAVE
LANEE S. CUI-DAVID
Associate Justice

HENRY S. ANGELES
Associate Justice