REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

THIRD DIVISION

PEOPLE OF THE PHILIPPINES,
Plaintiff,

- versus -

PRINCESS SAPPHIRE CORPORATION, NICHOLSON C. SANTOS, JOSEPHINE CHEN,
(All at Unit 1208 World Trade Exchange Building, 215 Juan Luna Street, Binondo, Manila)
Accused.

CTA CRIM. CASE NO. O-841
For: Violation of Section 255, in relation to Sections 253 (d) and 256, of the NIRC of 1997, as amended

Members:

MODESTO-SAN PEDRO, *Chairperson,* *and*
FERRER-FLORES, *JJ.*

Promulgated:

MAY 2 2 2026 3:40 p.m.

x - x

RESOLUTION

FERRER-FLORES, J.:

Before this Court is plaintiff's **Motion for Reconsideration (Re: Resolution dated 29 January 2026)** filed on February 19, 2026, with **Comment/Opposition (Re: Plaintiff's Motion for Reconsideration [Re: Resolution dated 29 January 2026])**, filed by accused Nicholson C. Santos (accused Santos) on March 11, 2026.

In the Resolution dated January 29, 2026 (assailed Resolution), the Court granted the *Demurrer to Evidence* filed by accused Santos, the dispositive portion of which reads:

> **WHEREFORE**, in light of the foregoing considerations, the **Demurrer to Evidence** is **GRANTED**. Accordingly, accused Nicholson C. Santos is **ACQUITTED** of the crime charged against him for failure of the prosecution to present competent or sufficient evidence to warrant a conviction.

> It appearing that the Court has not acquired jurisdiction over the remaining accused, Josephine Chen, and in order that this case may not remain pending in the Court's docket for an indefinite period of time, this case against accused Chen is hereby **ARCHIVED**, without prejudice to its revival immediately upon her apprehension.
>
> **SO ORDERED.**

In the present *Motion for Reconsideration*, plaintiff contends that the acquittal of accused Santos in this criminal case did not excuse Princess Sapphire Corporation from civil liability for unpaid deficiency income tax and compromise penalty for taxable year (TY) 2013. According to plaintiff, the assailed Decision is lacking in its entirety when the Court failed to discuss the civil liability of accused Santos in the payment of the deficiency income tax and compromise penalty for TY 2013 in the amount of ₱74,995,798.32 and ₱50,000.00, respectively.

Plaintiff explains that in the case of *Macario Lim Gaw, Jr. vs. Commissioner of Internal Revenue* (*Gaw case*),[1] it was held that what was deemed instituted with the criminal action was only the action to recover civil liability arising from the crime. Civil liability arising from a different source of obligation, such as when the obligation is allegedly created by law, is not deemed instituted with the criminal action. Considering that the taxpayer's obligation to pay the tax is an obligation that is created by law and does not arise from the offense of tax evasion, the same is not deemed instituted in the criminal case.

According to plaintiff, it is well settled that the acquittal of the accused does not automatically preclude a judgment against him on the civil aspect of the case. Purportedly, the extinction of the penal action does not carry with it the extinction of the civil liability where (a) the acquittal is based on reasonable doubt as only preponderance of evidence is required; (b) the court declares that the liability of the accused is only civil; and, (c) the civil liability of the accused does not arise from or is not based upon the crime of which the accused is acquitted.

Plaintiff likewise claims that civil liability to pay taxes would arise from the fact that one engaged himself in business and not because any criminal act was committed. The acquittal in a criminal case cannot ostensibly operate to discharge a taxpayer from the duty of paying the taxes which the law requires to be paid since that duty is imposed by statute prior to and independently of any attempts by the taxpayer to evade payment. Plaintiff avers that said obligation was not a consequence of the felonious acts charged in the criminal proceeding nor was it a mere civil liability arising from crime that could be

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1 G.R. No. 222837, July 23, 2018.

wiped out by the judicial declaration of non-existence of the criminal acts charged.

Plaintiff then cites the case of *Proton Pilipinas Corporation vs. Republic*[2] and argues that the civil liability arising from crime was distinct from the civil liability to pay taxes. Allegedly, the same principle was applied in the *Gaw case* and *People vs. Italcar Pilipinas, Inc.*,[3] wherein it was reiterated that the obligation to pay taxes arises from law not delict.

Further, plaintiff asserts that a corporate officer's liability with respect to the acts of a corporation is dependent on the nature of the latter's liability. In cases of the civil liability to pay taxes, a corporate officer may not be held liable based on the principle of separate juridical personality. On the other hand, a corporate officer may suffer the criminal penalty imposed on the corporation provided they are part of the list enumerated in Section 253(d) of the National Internal Revenue Code (NIRC) of 1997, as amended.

With that, plaintiff maintains that the acquittal of accused Santos did not release him from his obligation to pay the deficiency taxes as the obligation did not arise from delict but is based on law.

On the other hand, accused Santos counters that a granted demurrer to evidence amounts to an acquittal; and once granted in a criminal case, any further prosecution for the same offense would violate accused's constitutional right against double jeopardy as per Section 21, Article III of the Constitution.

Invoking the case of *Marilao Medical and Diagnostic, Inc. vs. Dr. Jovith Royales*,[4] accused Santos points out the rule that a judgment acquitting the accused would be final, unappealable, and immediately executory upon its promulgation. Allegedly, once an accused has been acquitted of an offense, the right against double jeopardy sets in and guarantees that the State shall not be permitted to make repeated attempts to convict him.

Accused Santos further contends that it was stressedin *People of the Philippines vs. Hon. Sandiganbayan*[5] that sufficient evidence for purposes of frustrating a demurrer thereto, was such evidence in character, weight or amount as would legally justify the judicial or official action demanded according to the circumstances. Thus, to be considered sufficient, the evidence must prove: (a) the commission of the crime, and, (b) the precise degree of participation therein by the accused.

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[2] G.R. No. 165027, October 16, 2006.
[3] G.R. No. 222280, January 18, 2023.
[4] G.R. No. 265152, October 29, 2025.
[5] G.R No. 233437, April 26, 2021.

Accused Santos contends that plaintiff failed to present sufficient evidence to establish a prima facie case for violation of Section 255, in relation to Sections 253(d) and 256 of the NIRC of 1997, as amended. It, thus, follows that no criminal liability arises, and consequently, no civil liability to speak of.

Finally, accused Santos argues that plaintiff failed to prove the requirements (*i.e.*, the guilt of the accused by proof beyond reasonable doubt and accused's civil liability for taxes by competent evidence) set forth under the Guidelines in the Prosecution of Criminal Actions for Violation of Tax Laws issued by the Supreme Court.

We resolve.

Plaintiff's argument that the accused remains civilly liable for income tax and compromise penalty for TY 2013 *albeit* the same has been judiciously passed upon.

Section 205 of the NIRC of 1997, as amended, provides that judgment in the criminal case shall not only impose the penalty but shall also order payment of the taxes subject of the criminal case as finally decided by the Commissioner.

In the assailed Resolution, it was held that: (a) that bare allegations of the prosecution's sole witness cannot be considered as proof; (b) assuming the same witness was indeed authorized to audit the books and records of the accused, his limited participation extends only up to the service of the subpoena duces tecum or prior to the issuance of the assessment notices; and, (c) except for the testimonial evidence, the case records are devoid of any evidence considering that not a single piece of documentary evidence was admitted to establish not only the criminal liability of accused Santos but also of his civil liability.

Considering the foregoing, plaintiff has failed to prove the criminal liability of accused Santos, as well as his tax liability, as the president of accused Princess Sapphire Corporation.

ACCORDINGLY, plaintiff's **Motion for Reconsideration (Re: Resolution dated 29 January 2026)** is **DENIED** for lack of merit.

SO ORDERED.

CORAZON G. FERRER-FLORES
Associate Justice

I CONCUR:

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice