REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

En Banc

COMMISSIONER OF INTERNAL REVENUE, *Petitioner,*	**CTA *EB* NO. 2316** *(CTA Case No. 8922)*
	Present:
-versus-	**DEL ROSARIO, P.J., CASTAÑEDA, JR., UY, RINGPIS-LIBAN, MANAHAN, BACORRO-VILLENA, MODESTO-SAN PEDRO, REYES-FAJARDO,** *and* **CUI-DAVID,** *JJ.*
GETZ PHARMA (PHILS.), INC., *Respondent.*	Promulgated: FEB 03 2022 2:29 pm

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DECISION

MODESTO-SAN PEDRO, J.:

The Case

This is a Petition for Review[1] under ***Section 3(b), Rule 8 of the Revised Rules of the Court of Tax Appeals ("RRCTA")***,[2] asking the Court *En Banc* to reverse and set aside the Decision, promulgated on 17 January 2020, and the Resolution, dated 15 July 2020, of the Court of Tax Appeals ("CTA") First Division ("Court in Division").

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[1] Petition for Review, Records, pp. 9-43, with annexes.

[2] A.M. No. 05-11-07-CTA, 22 November 2005.

The assailed pronouncements cancelled the Formal Letter of Demand with enclosed Assessment Notices (hereinafter referred to as "FLD/FAN"), all dated 14 January 2014, assessing respondent for deficiency taxes in the total amount of ₱45,810,646.04.

The Parties

Petitioner Commissioner of Internal Revenue ("CIR") is the duly appointed Commissioner of the Bureau of Internal Revenue ("BIR") who has the power to decide on disputed assessments; act on and approve claims for refund of internal revenue taxes, fees, or other charges, penalties imposed in relation thereto; or other matters arising under the National Internal Revenue Code of 1997, as amended, ("Tax Code") or other laws or portions thereof administered by the BIR. He holds office at the BIR National Office Building, Agham Road, Diliman, Quezon City.

Respondent Getz Pharma (Phils.), Inc. is a corporation duly formed and organized under the laws of the Republic of the Philippines, with principal address at 2/F Tower I, Rockwell Business Center, Ortigas Avenue, Pasig City. It is duly registered with the BIR under Tax Identification Number 007-184-839.

The Facts

On 17 January 2012, respondent received Letter of Authority ("LOA") No. LOA-43A-2012-00000079, dated 13 January 2012, from the BIR Revenue District Office No. 43-A East Pasig ("RDO"). The LOA authorized Revenue Officer ("RO") Reymel Jacinto and Group Supervisor ("GS") Jefferson Tabboga to examine respondent's books of accounts and other accounting records for all internal revenue taxes for taxable year 2010.[3]

Thereafter, respondent received the Preliminary Assessment Notice ("PAN"), dated 27 December 2013, on 13 January 2014.[4]

On 14 January 2014, respondent was furnished the FLD/FAN, of even date, assessing it for deficiency taxes in the total amount of ₱45,810,646.04,[5] broken down as follows: μ

[3] Decision, Annex "A" of the Petition for Review; Records, pp. 21-36.
[4] *Ibid.*
[5] *Ibid.*

Tax Type	Amount
Income Tax	₱41,211,680.60
Value-Added Tax ("VAT")	588,846.03
Expanded Withholding Tax ("EWT")	2,350,011.38
Withholding Tax on Compensation ("WTC")	1,660,108.03
TOTAL	**₱45,810,646.04**

In response, respondent filed a Protest to the FLD/FAN on 13 February 2014 or within thirty (30) days from its receipt of the said assessment. Thereafter, it submitted its supporting documents on 14 April 2014 or within sixty (60) days from the filing of the Protest to the FAN/FLD.[6]

Considering that petitioner did not rule on the Protest to the FLD/FAN, respondent filed the original Petition for Review on 7 November 2014 or within the 180+30 day period[7] under ***Section 228 of the Tax Code*** and ***Revenue Regulations ("RR") No. 12-99, as amended.***[8]

On 17 January 2020, the Court in Division issued the assailed Decision cancelling and withdrawing the said assessment.[9] The dispositive portion of the said Decision is hereby quoted, to wit:

> "**WHEREFORE**, in view of the foregoing discussions, the Petition for Review filed by Getz Pharma (Phils.), Inc. is hereby **GRANTED**. The Formal Letter of Demand with enclosed Assessment Notices, all dated January 14, 2014 assessing petitioner deficiency taxes in the total amount of ₱45,810,646.[6]04 is hereby **CANCELLED** and **WITHDRAWN**.
>
> **SO ORDERED.**"[10]

The Court in Division found that the BIR violated respondent's rights to due process when it issued and served the FLD/FAN on 14 January 2014 or barely a day after respondent received the PAN on 13 January 2014.[11] It ruled that the BIR's failure to afford respondent the fifteen (15)-day period to respond to the PAN wantonly disregarded its right to be heard with regard to its positions or arguments against the PAN.[12]

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6 *Ibid.*

7 *Ibid.*

8 Amending Certain Sections of Revenue Regulations No. 12-99 Relative to the Due Process Requirement in the Issuance of a Deficiency Tax Assessment, 28 November 2013.

9 Decision, Annex "A" of the Petition for Review; Records, pp. 21-36.

10 *Id.*, p. 15; *id.*, p. 35.

11 Decision, Annex "A" of the Petition for Review; *id.*, pp. 21-36.

12 *Ibid.*

Aggrieved, petitioner filed his Motion for Reconsideration (Decision dated 17 January 2020) on 6 February 2020. The same was denied by the Court in Division in its Resolution, dated 15 July 2020, for lack of merit. Petitioner received the same on 21 July 2020.[13]

On 3 August 2020, petitioner filed via electronic mail a Motion for Extension of Time to File Petition for Review requesting the Court *En Banc* for an additional time of fifteen (15) days from 5 August 2020 or until 20 August 2020 to file his Petition for Review.[14]

On the same date, the Supreme Court issued ***Administrative Circular No. 43A-2020,***[15] suspending the reglementary period for the filing of appeals before the courts from 4 to 18 August 2020 and ordering the resumption of the said period on 19 August 2020.

In light of ***Administrative Circular No. 43A-2020*** and since 19 August 2020 was declared Quezon City Day, a legal holiday in the place where the Court *En Banc* sits, petitioner filed the instant Petition for Review on 20 August 2020.[16]

After scrutinizing the instant Petition, the Court *En Banc* found petitioner's "Verification and Certification of Non-Forum Shopping" non-compliant with ***Sections 4 and 5, Rule 7 of the Rules of Court*** as amended by ***A.M. No. 19-10-20-SC.***[17] Hence, the Court *En Banc* ordered him to submit a corrected Verification and Certification of Non-Forum Shopping on 23 September 2020.[18] Petitioner filed his Compliance on 8 October 2020.[19]

Subsequently, respondent filed its Comment (Re: Petition for Review dated August 20, 2020) on 11 November 2020.[20]

On 25 November 2020, the Court *En Banc* referred the case for mediation pursuant to ***Section II of the Interim Guidelines for Implementing Mediation in the Court of Tax Appeals.***[21]

Considering the parties' decision not to undergo mediation, the Philippine Mediation Center-CTA terminated the said proceedings and referred the case back to the Court *En Banc* on 22 December 2020.[22]

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[13] Resolution Annex "B" of the Petition for Review; *id.*, pp. 37-40.
[14] Motion for Extension of Time to File Petition for Review; *id.*, pp. 1-5.
[15] Re: Addendum Administrative Circular 43-2020, 3 August 2020.
[16] Petition for Review; *id.*, pp. 9-19.
[17] 2019 Amendments to the 1997 Rules of Civil Procedure, 1 May 2020.
[18] Resolution; Records, pp. 44-46.
[19] Compliance; *id.*, pp. 47-49.
[20] Comment (Re: Petition for Review dated August 20, 2020); *id.*, pp. 53-59.
[21] Resolution; *id.*, pp. 61-62; A.M. No. 11-1-5-SC-PHILJA, 18 January 2011.
[22] Back to Court; Records, p. 65.

This prompted the Court *En Banc* to issue a Resolution on 12 January 2021 submitting the case for decision.[23] Hence, this Decision.

The Issue[24]

> WHETHER THE COURT IN DIVISION ERRED IN GRANTING THE ORIGINAL PETITION FOR REVIEW, AND CANCELLING AND WITHDRAWING THE FAN/FLD AGAINST RESPONDENT FOR TAXABLE YEAR 2010 AMOUNTING TO ₱45,810,646.04, INCLUSIVE OF INCREMENTS.

Arguments of the Parties

Petitioner's Arguments[25]

Petitioner argues that respondent was not deprived of due process. He stresses that the said requirement is satisfied for as long as the taxpayer was duly notified of the findings against it and was given the opportunity to explain or defend itself.

He insists that respondent was duly informed of the factual and legal bases of the assessment through the PAN and FLD/FAN. He asserts that respondent was also able to contest the assessment by way of its Protest to the FLD/FAN. He contends that both of these acts satisfy the due process requirements mandated under ***Section 228 of the Tax Code*** and ***RR No. 12-99, as amended.***

Likewise, he posits that the assessment must be upheld considering that taxes are the lifeblood of the government.

Respondent's Counter-Arguments[26]

Respondent alleges that the due process requirements under ***Section 228 of the Tax Code and RR No. 12-99, as amended***, not only entail that the taxpayer is duly informed of the factual and legal bases of the assessment but that it should also be given the opportunity to respond to it.

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[23] Resolution; *id.*, pp. 67-68.
[24] See Issue, Petition for Review, p. 4; *id.*, p. 12.
[25] Petition for Review; *id.*, pp. 9-19.
[26] Comment (Re: Petition for Review dated August 20, 2020); *id.*, pp. 53-59.

Respondent argues that petitioner's non-observance of the 15-day period deprived it of the opportunity to respond to the PAN rendering the assessment void. It avers that the observance of the said period is a substantive requirement that should be complied with by petitioner at all times.

Finally, it counters that the principle of Lifeblood Theory cannot be invoked in this instance. It explains that its application cannot be used to abridge its rights to due process.

The Ruling of the Court

The Court *En Banc* finds the instant Petition bereft of merit.

The assessment was issued in violation of respondent's rights to due process and, thus, void.

Section 228 of the Tax Code provides for the due process requirements for the issuance of an assessment, to wit:

> "SEC. 228. Protesting of Assessment. - When the Commissioner or his duly authorized representative finds that proper taxes should be assessed, he shall first notify the taxpayer of his findings: xxx
>
> xxx xxx xxx
>
> 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**.
>
> **Within a period to be prescribed by implementing rules and regulations, the taxpayer shall be required to respond to said notice**.
>
> If the **taxpayer fails to respond, the Commissioner or his duly authorized representative shall issue an assessment based on his findings**.
>
> Such assessment may be protested administratively by filing a request for reconsideration or reinvestigation within thirty (30) days from receipt of the assessment in such form and manner as may be prescribed by implementing rules and regulations.
>
> Within sixty (60) days from filing of the protest, all relevant supporting documents shall have been submitted; otherwise, the assessment shall become final.

> If the protest is denied in whole or in part, or is not acted upon within one hundred eighty (180) days from submission of documents, the taxpayer adversely affected by the decision or inaction may appeal to the Court of Tax Appeals within thirty (30) days from receipt of the said decision, or from the lapse of one hundred eighty (180)-day period; otherwise, the decision shall become final, executory and demandable."
> (Emphasis and underscoring, Ours.)

The foregoing provision is implemented by ***Section 3 of RR No. 12-99, as amended***, to wit:

> "SEC. 3. Due Process Requirement in the Issuance of a Deficiency Tax Assessment. —
>
> 3.1 Mode of procedure in the issuance of a deficiency tax assessment:
>
> 3.1.1 Preliminary Assessment Notice (PAN). — If after review and evaluation by the Commissioner or his duly authorized representative, as the case may be, it is determined that there exists sufficient basis to assess the taxpayer for any deficiency tax or taxes, **the said Office shall issue to the taxpayer a Preliminary Assessment Notice (PAN) for the proposed assessment. It shall show in detail the facts and the law, rules and regulations, or jurisprudence on which the proposed assessment is based** (see illustration in ANNEX "A" hereof).
>
> **If the taxpayer <u>fails to respond within fifteen (15) days from date of receipt of the PAN, he shall be considered in default, in which case, a Formal Letter of Demand and Final Assessment Notice (FLD/FAN) shall be issued calling for payment of the taxpayer's deficiency tax liability, inclusive of the applicable penalties</u>.**
>
> **<u>If the taxpayer, within fifteen (15) days from date of receipt of the PAN, responds that he/it disagrees with the findings of deficiency tax or taxes, an FLD/FAN shall be issued within fifteen (15) days from filing/submission of the taxpayer's response, calling for payment of the taxpayer's deficiency tax liability, inclusive of the applicable penalties.</u>**
> xxx"
> (Emphasis and underscoring, Ours.)

Based on the foregoing, the BIR is required to give the taxpayer a period of 15 days from the date of receipt of the PAN to file its response or protest against the same. It is only after receiving the taxpayer's response or the lapse of the said 15-day period that the BIR can issue the FLD/FAN.

Here, it is undisputed that respondent received the FLD/FAN on 14 January 2014 or only one (1) day after it received the PAN on 13 January 2014.[27] W

[27] Joint Stipulation of Facts and Issues, p. 2, Division Records Vol. 2, pp. 899.

Despite the language of ***Section 228 of the Tax Code*** and ***RR No. 12-99, as amended***, petitioner argues that the BIR's non-compliance with the said period did not affect the validity of the assessment herein. He explains that the requirements of due process were satisfied since respondent was furnished the PAN and FLD/FAN and was given the opportunity to respond to the FLD/FAN.

Petitioner is mistaken.

The rule is settled and without exception. The BIR's failure to afford the taxpayer the right to file its protest or response to the PAN within 15 days from its receipt thereof is a violation of the latter's rights to due process which renders the assessment void and without effect, as pronounced in ***Commissioner of Internal Revenue v. Yumex Philippines Corp., (hereinafter referred to as "Yumex Case")***[28] citing ***Commissioner of Internal Revenue v. Avon Products Manufacturing, Inc.,***[29] ***Commissioner of Internal Revenue v. Metro Star Superama, Inc.,***[30] and ***Pilipinas Shell Petroleum Corp. v. Commissioner of Internal Revenue,***[31] to wit:

> **"Clearly from the aforequoted provisions, the taxpayer has fifteen (15) days from date of receipt of the PAN to respond to the said notice. <u>Only after receiving the taxpayer's response or in case of the taxpayer's default can respondent issue the FLD/FAN</u>,**
>
> Per the evidence on record, the BIR issued a PAN dated December 16, 2010, which it posted by registered mail the next day, December 17, 2010. It then issued and mailed the FLD/FAN on January 10, 2011. **Although posted on different dates, the PAN and FLD/FAN were both received by the Post Office of Dasmariñas, Cavite, on January 17, 2011, and served upon and received by respondent on January 18, 2011. <u>Under the circumstances, respondent was not given any notice of the preliminary assessment at all and was deprived of the opportunity to respond to the same before being given the final assessment.</u>**
>
> In Commissioner of Internal Revenue v. Avon Products Manufacturing, Inc. (Avon case), **<u>the Court enjoined strict observance by the BIR of the prescribed procedure for issuance of the assessment notices with due regard for the taxpayers' constitutional rights</u>. It is mandatory that the BIR not only inform the taxpayer through the PAN, FLD, and FAN of the facts, law and regulations, and jurisprudence on which the assessment against it is based, <u>but it must also accord the taxpayer the opportunity to be heard through the entire process</u>**, i.e., from tax investigation until tax assessment. Pertinent portions of the Avon Case are reproduced below:
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> xxx xxx xxx

[28] G.R. No. 222476, 5 May 2021.
[29] G.R. Nos. 201398-99 & 201418-19, 3 October 2018.
[30] G.R. No. 185371, 8 December 2010.
[31] G.R. No. 172598, 21 December 2007.

> **<u>On the other hand, the taxpayer is explicitly given the opportunity to explain or present his or her side throughout the process, from tax investigation through tax assessment</u>**. Under Section 3.1.1 of Revenue Regulations No. 12-99, the taxpayer is given 15 days from receipt of the Notice for Informal Conference to respond; otherwise, he or she will be considered in default and the case will be referred to the Assessment Division for appropriate review and issuance of deficiency tax assessment, if warranted. **<u>Again, under Section 228 of the Tax Code and Section 3.1.2 of Revenue Regulations No. 12-99, the taxpayer is required to respond within 15 days from receipt of the Preliminary Assessment Notice; otherwise, he or she will be considered in default and the Final Letter of Demand and Final Assessment Notices will be issued.</u>** After receipt of the Final Letter of Demand and Final Assessment Notices, the taxpayer is given 30 days to file a protest, and subsequently, to appeal his or her protest to the Court of Tax Appeals.

The Court, in Commissioner of Internal Revenue v. Metro Star Superama, Inc., stressed the importance of the PAN, in particular, as a substantive, and not just a formal, due process requirement, thus:

> **Indeed, Section 228 of the Tax Code clearly requires that the taxpayer must first be informed that he is liable for deficiency taxes through the sending of a PAN. <u>He must be informed of the facts and the law upon which the assessment is made. 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.</u>**
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> xxx xxx xxx
>
> **From the provision quoted above, it is clear that the sending of a PAN to taxpayer to inform him of the assessment made is but part of the "due process requirement in the issuance of a deficiency tax assessment," the absence of which renders nugatory any assessment made by the tax authorities. The use of the word "shall" in subsection 3.1.2 describes the mandatory nature of the service of a PAN. <u>The persuasiveness of the right to due process reaches both substantial and procedural rights and the failure of the CIR to strictly comply with the requirements laid down by law and its own rules is a denial of Metro Star's right to due process. Thus, for its failure to send the PAN stating the facts and the law on which the assessment was made as required by Section 228 of R.A. No. 8424, the assessment made by the CIR is void.</u>**

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> **It is an elementary rule enshrined in the 1987 Constitution that no person shall be deprived of property without due process of law. In balancing the scales between the power of the State to tax and its inherent right to prosecute perceived transgressors of the law on one side, and the constitutional rights of a citizen to due process of law and the equal protection of the laws on the other, the scales must tilt in favor of the individual, for a citizen's right is amply protected by the Bill of Rights under the Constitution. Thus, while "taxes are the lifeblood of the government," the power to tax has its limits, in spite of all its plenitude.** xxx

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That respondent was able to file a protest to the FLD/FAN is of no moment. In Pilipinas Shell Petroleum Corporation v. Commissioner of Internal Revenue, the BIR ignored RR No. 12-99 and did not issue to the taxpayer, Pilipinas Shell Petroleum Corporation (PSPC), a notice for informal conference and a PAN as required; and as a result, **deprived PSPC of due process in contesting the formal assessment levied against it.** The Court pronounced therein that **"[w]hile PSPC indeed protested the formal assessment, such does not denigrate the fact that it was deprived of statutory and procedural due process to contest the assessment before it was issued."** The Court once more reminded the BIR to be more circumspect in the exercise of its functions as the power of taxation is also sometimes called the power to destroy and, therefore, should be exercised with caution to minimize injury to the proprietary rights of the taxpayer.

Neither does the payment by respondent of the other items in the FLD/FAN, particularly, the basic deficiency income and fringe benefits taxes and compromise penalty, **preclude it from questioning the validity of the issuance of the assessment notices**. The manner by which the assessment is issued is a distinct matter in itself from the contents of the assessment. Respondent's voluntary payment, while it may be viewed as acknowledgement of its tax deficiencies for some of the assessed items, is not necessarily an outright waiver of its right to question the impropriety of the issuance of the assessment notices, especially in this case wherein respondent consistently protested the IAET assessment against it. **The fact that respondent's right to due process was violated because it was denied the opportunity to respond to the PAN remains glaringly evident and cannot be deemed erased or cured by respondent's volitional payment of other assessed items.**

Sec. 3.1.2 of RR No. 12-99 explicitly grants the taxpayer fifteen (15) days from receipt of the PAN to file a response. If the taxpayer fails to do so within the prescribed period, it will be considered in default and only then shall petitioner or his duly authorized representative issue to the taxpayer an FLD/FAN demanding payment of the assessed deficiency tax, surcharges, and penalties. In the instant case though, the BIR did not ascertain respondent's date of receipt of the PAN before issuing the FLD/FAN, but merely invoked Sec. 3.1.7 of RR No. 12-99 on constructive service, which states that "[i]f the notice to the taxpayer herein required is served by registered mail, and no response is received from the taxpayer within the prescribed period from date of posting thereof in the mail, the same shall be considered actually or constructively received by the taxpayer."

However, considering that Sec. 3.1.2 of RR No. 12-99 specifically governs the PAN while Sec. 3.1.7 of the same regulations pertains generally to the constructive service of notices, the former takes precedence in application to the instant case in determining the period allotted for the taxpayer to respond to a PAN. It is a rule of statutory construction that a special and specific provision prevails over a general provision irrespective of their relative position in the statute. *Generalia specialibus non derogant.* Where there is in the same statute a particular enactment and also a general one which in its most comprehensive sense would include what is embraced in the former, the particular enactment must be operative, and the general enactment must be taken to affect only such cases within its general language as are not within the provisions of the particular enactment.

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Ultimately, the IAET assessment issued in this case by the BIR against respondent in violation of the latter's right to due process is null and void."
(Emphasis and underscoring, Ours.)

As pointed out by the Supreme Court in the ***Yumex Case***, the BIR is mandated to strictly follow ***Section 228 of the Tax Code*** and ***RR No. 12-99, as amended***. The said legal pronouncements require the BIR to inform the taxpayer of the assessment issued through the PAN and FLD/FAN. These issuances should contain the facts, law, regulations, and jurisprudence on which the same are based. At the same time, the BIR is also enjoined to observe the periods provided under ***Section 228 of the Tax Code*** and ***RR No. 12-99, as amended*** and afford the taxpayer the opportunity to file its protests to the PAN and FLD/FAN, respectfully. Of course, as not to render the rule inutile, the BIR is likewise expected to consider the protests filed by the taxpayer in its issuance of subsequent assessments.

The BIR's duty in ensuring that the due process rights of the taxpayer are protected during the entire assessment process is indispensable since its failure to follow any of the procedures under ***Section 228 of the Tax Code*** and ***RR No. 12-99, as amended***, will render the assessment void and without effect. There are no shortcuts to this rule, and each process must be followed strictly. In fact, the ***Yumex Case*** is clear that the failure to afford the taxpayer the opportunity to file its protest to the PAN is not curable even if it was able to file a protest to the FLD/FAN.

Hence, in this case, the BIR's failure to afford the taxpayer the opportunity to contest the PAN within the 15-day period rendered the assessment against respondent void as similarly ruled in ***Commissioner of Internal Revenue v. Nippo Metal Tech Phils., Inc.***,[32] to wit:

> "In this case, the records show that respondent received the PAN on February 5, 2009. **However, without waiting for the lapse of the 15-day period, the CIR already issued the FLD/FAN. By disregarding the 15-day period provided by law, the CIR utterly deprived respondent of the opportunity to contest the PAN and present evidence in support thereto before an FLD/FAN was issued**.
>
> In CIR v. Metro Star Superama, Inc., **the Court emphasized that the PAN is part of due process. The persuasiveness of the right to due process reaches both substantial and procedural rights and the failure of the CIR to strictly comply with the requirements laid down by law and its own rules, as in this case, is a denial of the taxpayer's right to due process.**"
> (Emphases and underscoring, Ours.)

Unfortunately for petitioner, the Lifeblood Theory cannot save a patently void assessment issued in violation of the taxpayer's rights to due process as ruled by the High Court in ***Commissioner of Internal Revenue v. Algue, Inc.***:[33]

> "Taxes are the lifeblood of the government and so should be collected without unnecessary hindrance. **On the other hand, such collection should be made in accordance with law as any arbitrariness will negate the very reason for government itself.** It is therefore necessary to reconcile the apparently conflicting interests of the authorities and the taxpayers so that the real purpose of taxation, which is the promotion of the common good, may be achieved.
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> xxx xxx xxx
>
> It is said that taxes are what we pay for civilized society. Without taxes, the government would be paralyzed for lack of the motive power to activate and operate it. Hence, despite the natural reluctance to surrender part of one's hard-earned income to the taxing authorities, every person who is able to must contribute his share in the running of the government. The government for its part, is expected to respond in the form of tangible and intangible benefits intended to improve the lives of the people and enhance their moral and material values. This symbiotic relationship is the rationale of taxation and should dispel the erroneous notion that it is an arbitrary method of exaction by those in the seat of power.

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[32] G.R. No. 227616, 19 June 2019.

[33] G.R. No. L-28896, 17 February 1988 cited in Commissioner of Internal Revenue v. Avon Products Manufacturing, Inc., G.R. Nos. 201398-99 & 201418-19, 3 October 2018.

But even as we concede the inevitability and indispensability of taxation, it is a requirement in all democratic regimes that it be exercised reasonably and in accordance with the prescribed procedure. If it is not, then the taxpayer has a right to complain and the courts will then come to his succor. For all the awesome power of the tax collector, he may still be stopped in his tracks if the taxpayer can demonstrate, as it has here, that the law has not been observed."
(Emphases and underscoring, Ours.)

All told, in view of petitioner's violation of respondent's right to due process, the Court upholds the findings of the Court in Division declaring the FLD/FAN void and without legal effect.

WHEREFORE, premises considered, the instant Petition for Review is hereby **DENIED** for lack of merit. Accordingly, the Court in Division's Decision promulgated on 17 January 2020, and the Resolution, dated 15 July 2020, are both **AFFIRMED**.

Petitioner Commissioner of Internal Revenue, his duly authorized representatives, or any other person acting on his behalf are hereby **ENJOINED** from enforcing the collection of deficiency taxes for taxable year 2010 assessed against respondent Getz Pharma (Phils.), Inc. in the Formal Letter of Demand with enclosed Assessment Notices, all dated 14 January 2014. This order of suspension is **IMMEDIATELY EXECUTORY**, consistent with ***Section 4, Rule 39 of the Rules of Court***.

SO ORDERED.

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

WE CONCUR:

ROMAN G. DEL ROSARIO
Presiding Justice

Juanito C. Castañeda, Jr.
JUANITO C. CASTAÑEDA, JR.
Associate Justice

ERLINDA P. UY
Associate Justice

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

CATHERINE T. MANAHAN
Associate Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

MARIAN IVY F. REYES-FAJARDO
Associate Justice

LANEE S. CUI-DAVID
Associate Justice

CERTIFICATION

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.

ROMAN G. DEL ROSARIO
Presiding Justice