REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

Special Second Division

MERIDIEN EAST REALTY & DEVELOPMENT CORPORATION, Petitioner,	**CTA CASE NO. 9837**
	Members: **RINGPIS-LIBAN,** *PJ, Chairperson,* **MODESTO-SAN PEDRO,** *and* **FERRER-FLORES,** *JJ.*
-versus-	
COMMISSIONER OF INTERNAL REVENUE, Respondent.	Promulgated: 4:22 pm

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RESOLUTION

MODESTO-SAN PEDRO, J.:

Before the Court is respondent's *Motion for Reconsideration*, filed via licensed courier on November 18, 2025, with petitioner's *Opposition (To: Motion for Reconsideration dated 18 November 2025)*, filed on December 1, 2025. In his Motion, respondent assails this Court's Decision, dated October 21, 2025, arguing that (1) a 30% underdeclaration allows respondent to presume fraud, so he was justified in following the extended 10-year prescriptive period to assess and the assailed assessment had not yet prescribed when he issued it; and (2) taxes are the lifeblood of the government. Petitioner counters this in its Opposition by (1) agreeing with the Decision that the assessment had already prescribed; and (2) arguing that the status of taxes as the lifeblood of the government "cannot be used to disregard the due process of law".

The Motion lacks merit.

Under *Section 248 of the National Internal Revenue Code of 1997, as amended* ("*NIRC*"), a 30% underdeclaration can, indeed, be taken as *prima facie* evidence of fraud. However, following the prevailing strict interpretation of *Section 222 of the NIRC* espoused by *Commissioner of Internal Revenue v. B.F. Goodrich Phils., Inc.*[1] and *McDonald's Philippines Realty Corporation v. Commissioner of Internal Revenue*,[2] among others, said evidence is ***merely*** *prima facie*: it does not establish fraud, which must still be proved before this

[1] G.R. No. 104171, February 24, 1999.
[2] G.R. No. 247737, August 8, 2023.

Court. Respondent failed to prove such. Consequently, his use of the extended 10-year period was invalid, and the assessment had already prescribed before he issued it.

His invocation of the lifeblood doctrine is likewise untenable. Petitioner is correct in arguing that such status does not allow the disregard of due process rights. Taxes may be the lifeblood of the government, but they cannot be collected by illegal means, such as by violating a taxpayer's right to due process. The argument thus poses no challenge to Our ruling.

Considering the above, the Motion discloses no cogent reason for the Court to reverse Our ruling. The assailed Decision stands.

ACCORDINGLY, *Motion for Reconsideration*, filed via licensed courier on November 18, 2025, is hereby **DENIED** for lack of merit. The assailed Decision, dated November 18, 2025, is **AFFIRMED**.

SO ORDERED.

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

ON OFFICIAL BUSINESS
CORAZON G. FERRER-FLORES
Associate Justice