REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

COMMISSIONER OF INTERNAL REVENUE,
Petitioner,

- *versus* -

WIPRO PHILIPPINES, INC.,
Respondent.

CTA EB NO. 3040
(CTA Case No. 10814)

Present:

Ringpis-Liban, *P.J.*,
Bacorro-Villena,
Modesto-San Pedro,
Reyes-Fajardo,
Cui-David,
Ferrer-Flores, and
Angeles, *JJ.*

Promulgated:
MAR 13 2026 4:40pm

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DECISION

RINGPIS-LIBAN, P.*J.*:

Before the Court *En Banc* is a Petition for Review[1] filed by petitioner Commissioner of Internal Revenue (CIR) on December 18, 2024. The Petition for Review seeks the reversal of the Decision dated June 24, 2024[2] (Assailed Decision) as well as the Resolution dated November 13, 2024[3] (Assailed Resolution) of the First Division (Court in Division)[4] of this Court in CTA Case No. 10814.

The respective dispositive portions of the Assailed Decision and Resolution are quoted hereunder:

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[1] Court *En Banc's* Docket, pp. 9-35.
[2] *Id.*, pp. 43-66.
[3] *Id.*, pp. 69-72.
[4] Composed of Presiding Justice Roman G. Del Rosario, Associate Justice Jean Marie A. Bacorro-Villena, and Associate Justice Lanee S. Cui-David *(ponente)*.

Assailed Decision:

> 'WHEREFORE, in light of the foregoing considerations, the present *Petition for Review* is **GRANTED**. Accordingly, the subject deficiency Income Tax assessment in the total amount of ₱6,315,375.47, inclusive of interests, for the fiscal year ending March 31, 2016, is **CANCELLED and WITHDRAWN** and the FDDA dated February 4, 2022, issued by respondent against petitioner is **REVERSED** and **SET ASIDE**.
>
> Respondent is **ENJOINED** from proceeding with the collection of the said deficiency Income Tax assessment.
>
> **SO ORDERED**.'

Assailed Resolution:

> '**WHEREFORE**, premises considered, respondent's *Motion for Reconsideration (Re: Decision dated 24 June 2024)* is **DENIED** for lack of merit.
>
> **SO ORDERED**.'

THE FACTS

The facts of the present case were laid down by the Court in Division in the Assailed Decision as follows:[5]

> "On April 21, 2017, the Assistant Commissioner for the Large Taxpayers Service, Ms. Teresita M. Angeles, issued a Letter of Authority (LOA) No. eLA201500034443, authorizing Revenue Officers (ROs) Bianca Bess Lindugan, Roben Saguin, Jissa Mandin, and Group Supervisor (GS) Jane Tumagan to examine petitioner's books of accounts and other accounting records for all internal revenue taxes for the period from April 1, 2015 to March 31, 2016.
>
> On November 27, 2019, petitioner received a *Preliminary Assessment Notice* (PAN) of even date, assessing it of deficiency IT, expanded withholding tax (EWT), withholding tax on compensation (WTC), documentary stamp tax (DST), and miscellaneous taxes (compromise penalties) for FY ended March 31, 2016, in the aggregate amount of ₱94,551,239.34, inclusive of surcharges and interests, broken down as follows:

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[5] Court *En Banc's* Docket, pp. 44-48 (Citations omitted).

Tax Type	Total	
Income Tax	₱	49,552,317.72
EWT		14,496,911.82
WTC		29,870,024.54
DST		441,985.26
Compromise penalties		190,000.00
Total	**₱**	**94,551,239.34**

On December 12, 2019, petitioner filed a *Protest Letter* refuting the deficiency tax assessments and requesting that the same be revisited, reinvestigated, and consequently, cancelled.

On June 22, 2020, petitioner received the *Formal Letter of Demand/Assessment Notices* (FLD/FAN) dated June 15, 2020, allegedly reflecting the very same findings per PAN, with adjusted interest only as difference, to wit:

Tax Type	Total	
Income Tax	₱	53,346,848.34
EWT		15,607,030.95
WTC		32,157,358.97
DST		476,040.11
Compromise penalties		190,000.00
Total	**₱**	**101,777,278.37**

On July 22, 2020, petitioner filed with the BIR a *Motion for Reinvestigation/Protest* to the FLD/FAN, contesting the deficiency tax assessments and requesting that the same be revisited, reinvestigated, and consequently, cancelled. In support of its position/explanation, petitioner allegedly submitted additional documents on September 21, 2020.

On February 22, 2022, petitioner received the letter dated February 4, 2022 (Final Decision on Disputed Assessment and/or FDDA) signed by then Commissioner Caesar R. Dulay, informing petitioner that after considering the latter's protest, it has been found still liable for deficiency IT, EWT, WTC, DST, and miscellaneous taxes (compromise penalties), inclusive of surcharges and interests, in the aggregate amount of ₱14,485,240.26, broken down as follows:

Tax Type	Total	
Income Tax	₱	6,315,375.47
EWT		6,532,503.42
WTC		1,184,452.91
DST		322,908.46
Compromise penalties		130,000.00
Total	**₱**	**14,485,240.26**

On March 18, 2022, petitioner partially paid the assessments for deficiency EWT, WTC, DST, and miscellaneous taxes, in the aggregate amount of ₱8,167,873.74, broken down as follows:

Tax Type	Total
EWT	6,581,834.46
WTC	1,216,144.79
DST	369,894.49
TOTAL PAID DEFICIENCY TAXES (including interests and miscellaneous taxes)	**₱ 8,167,873.74**

Anent the deficiency IT assessment, petitioner questioned it *via* the present *Petition of Review* filed on March 23, 2022, and initially raffled to this Court's Second Division.

On May 30, 2022, within the extension period given by the Court, respondent filed his *Answer* contending that the instant *Petition of Review* should be denied for lack of merit. Respondent alleged that petitioner is liable to pay the assessed deficiency IT for the FY ended March 31, 2016, as its Income Tax Holiday (ITH) entitlement for the activities at its 1 Cyber Pod Centris, Eton Centris, already expired on February 28, 2014. Respondent added that petitioner failed to present any proof that its ITH incentive was extended and admits that the extension of its ITH incentive was only confirmed by PEZA on September 23, 2019. Hence, for respondent, there was no existing ITH incentive for petitioner to apply such an exemption for FY 2016.

The *Pre-Trial Conference* was set and held on August 15, 2022. During the said *Conference*, the Court, among other things, directed the parties to appear before the Philippine Mediation Center-Court of Tax Appeals (PMC-CTA) for mediation proceedings. However, the parties decided not to have their case mediated.

On September 13, 2022, the parties filed their *Joint Stipulation of Facts and Issues*, based on which a *Pre-Trial Order* was issued on September 29, 2022.

The trial ensued, during which petitioner presented its witnesses: (1) Atty. Harold S. Ocampo, petitioner's Corporate Secretary; (2) Mr. John Paul Vargas and Atty. Lawrence C. Biscocho, petitioner's External Tax Consultants; and (3) Ms. Susan G. Batistis, petitioner's Deputy Manager for Finance.

On February 15, 2023, petitioner filed its *Formal Offer of Evidence with Motion to Adopt the Correct Exhibit Reference Markings*, to which respondent failed to file his comment despite the opportunity given.

On April 12, 2023, the Court resolved to admit petitioner's offered exhibits, *except* Exhibits 'P-4,' 'P-8,' and 'P-20,' for failure to present the originals for comparison.

For his part, respondent offered the testimony of RO Lyn Dy Octot Gamalo.

On April 25, 2023, respondent filed his *Formal Offer of Evidence*, to which petitioner filed its *Comment on the Respondent's Formal Offer of Exhibits* on April 27, 2023. In the Resolution dated May 26, 2023, the Court admitted all respondent's offered exhibits, *except* Exhibit 'R-1', for failure to present the original for comparison.

On May 29, 2023, this case was transferred to this Court's First Division pursuant to Administrative Circular No. 01-2023 (Reorganizing the Divisions of the Court) dated May 23, 2023.

On July 26, 2023, this case was submitted for decision considering the *Memorandum (of Petitioner Wipro Philippines, Inc.)* filed on July 10, 2023, and respondent's *Memorandum* filed *via* electronic mail on July 10, 2023.

After due proceedings and trial, the Court in Division rendered the Assailed Decision on June 24, 2024, granting the Petition for Review.

Aggrieved, petitioner filed a Motion for Reconsideration (Re: Decision dated 24 June 2024) on July 12, 2024 which the Court in Division denied in the Assailed Resolution.

On December 18, 2024,[6] petitioner filed the present Petition for Review, within the extended period granted by the Court *En Banc*.

In a Minute Resolution[7] dated February 17, 2025, the Court ordered the respondent to file its comment to the Petition for Review within ten (10) days from notice.

On March 3, 2025, respondent filed its Comment/Opposition (Re: Petitioner's Petition for Review dated 16 December 2024).[8]

In a Minute Resolution[9] dated March 17, 2025, the Court referred the case to the Philippine Mediation Center-Court of Tax Appeals (PMC-CTA) for mediation.

On April 21, 2025, the PMC-CTA submitted to this Court *En Banc* a No Agreement to Mediate[10] wherein it stated that the parties have decided not to have their case mediated.

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[6] See Note 1.
[7] Court *En Banc's* Docket, p. 74.
[8] Court *En Banc's* Docket, pp. 75-89.
[9] Court *En Banc's* Docket, p. 91.
[10] Court *En Banc's* Docket, pp. 92.

In a Minute Resolution dated May 21, 2025,[11] the present case was submitted for decision.

THE ISSUES

Petitioner submitted the following assignment of errors for this Court's resolution:

"ASSIGNMENT OF ERRORS

I.
THE HONORABLE COURT ERRED IN CANCELLING AND WITHDRAWING THE FINAL DECISION ON THE DISPUTED ASSESSMENT AFTER RESPONDENT PAYMENT ON OTHER TAXES NOT SUBJECT OF ITS APPEAL.

II.
WITH ALL DUE RESPECT, THE HONORABLE COURT ERRED WHEN IT STATED IN ITS DECISION THAT PETITIONER VIOLATED RESPONDENT'S RIGHT TO DUE PROCESS.

III.
WITH ALL DUE RESPECT, THE HONORABLE COURT ERRED WHEN IT DECLARED IN ITS DECISION THAT RESPONDENT IS NOT LIABLE FOR DEFICIENCY INCOME TAX IN THE TOTAL AMOUNT OF PHP6,315,375.47, INCLUSIVE OF INTERESTS, FOR THE FISCAL YEAR ENDING MARCH 31, 2016."

ARGUMENTS OF THE PARTIES

Petitioner asserts that the Court in Division erred in considering the due process issue when neither party raised it. Petitioner adds that respondent should be deemed estopped from raising new challenges to the validity of the undisputed portions of the assessment, having paid these items without objection.

Petitioner also contends that respondent's right to due process was not violated because respondent was properly notified of the charges and given fair and reasonable opportunity to explain or defend itself. Petitioner posits that respondent was duly notified through service of the assessment notices, enabling respondent to file its protest and submit additional documents to

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[11] Court *En Banc's* Docket, p. 93.

support its position. Petitioner postulates that respondent cannot expect a different response when no new supporting documents were provided for consideration.

Petitioner finally argues that respondent is liable to pay the assessed deficiency income taxes for fiscal year ending March 31, 2016.

Respondent, on the other hand, argues that this Court has the authority to rule on issues expressly raised by the parties, in the pleadings or otherwise, including related issues necessary for the proper and orderly disposition of a case. Citing Section 1, Rule 14 of the Revised Rules of the Court of Tax Appeals (RRCTA) as basis, respondent claims that this Court properly ruled on the due process issue.

Respondent also asserts that it is not estopped from questioning the propriety of the issuance of the assessment notices.

Respondent finally maintains that its right to due process was violated, making the assessment void.

THE COURT *EN BANC*'S RULING

The Petition for Review lacks merit.

Timeliness of the Petition

The Court *En Banc* shall first determine whether the present Petition for Review was timely filed. Section 3(b), Rule 8 of the RRCTA provides:

> "Rule 8 Procedure in Civil Cases
>
> xxx xxx xxx
>
> SEC. 3. *Who may appeal; period to file petition.* –
>
> xxx xxx xxx
>
> (b) A party adversely affected by a decision or resolution of a Division of the Court on a motion for reconsideration or new trial may appeal to the Court by filing before it a petition for review **within fifteen days from receipt of a copy of the questioned decision or resolution**. xxx" (Emphasis supplied)

The records show that petitioner received the Assailed Resolution on November 19, 2024. Counting fifteen (15) days therefrom, petitioner had until December 3, 2024 to file its Petition for Review before the Court *En Banc*.

On December 3, 2024, however, petitioner filed a Motion for Extension of Time to File Petition for Review,[12] which was granted in the Minute Resolution dated December 9, 2024. The Court *En Banc* granted petitioner an additional period of fifteen (15) days from December 4, 2024, or until December 19, 2024, to file its Petition for Review. Thus, petitioner timely filed the present Petition for Review on December 18, 2024, well within the extended period.

The Court in Division did not err in taking cognizance of the due process issue even when not raised by the parties.

In *Prime Steel Mill, Inc. v. Commissioner of Internal Revenue*,[13] the Supreme Court held that the CTA may rule on issues not raised by the parties either in the pleadings or during trial, provided two (2) conditions concur:

1. The arguments are related to the principal issue to be resolved by the court and are necessary to achieve an orderly disposition of the case; and

2. The resolution of these new arguments would not require the presentation of additional evidence and must rely solely on factual bases that are already matters of record in the case.

Both conditions are satisfied in this case.

First, the due process issue is inextricably linked to the principal issue of whether respondent may be held liable for the assessed deficiency income tax. As the Supreme Court aptly held in *Prime Steel Mill*, the issue of violation of the right to due process is inextricably linked to the validity of the assessment. This logically follows from the settled principle that the right to collect deficiency taxes must flow from a valid assessment, for a void assessment bears no fruit.[14] An assessment issued in violation of due process is a legal nullity that cannot serve as basis for tax collection.

[12] Court *En Banc's* Docket, pp. 1-4.
[13] G.R. No. 249153, September 12, 2022 ("*Prime Steel Mill*").
[14] *Commissioner of Internal Revenue v. Metro Star Superama, Inc.*, G.R. No. 185371, December 8, 2010; *Commissioner of Internal Revenue v. BASF Coating + Inks Phils., Inc.*, G.R. No. 198677, November 26, 2014.

Second, the resolution of the due process issue requires no additional evidence. The determination may be made through examination of the records already before the Court, which contain the necessary factual bases to resolve whether the assessment complied with the due process requirements.

The Court in Division therefore acted within its authority in addressing the due process issue. Far from constituting error, doing so is consistent with the Court's duty to ensure that tax assessments conform to substantive and procedural safeguards before taxpayers may be compelled to satisfy tax liabilities.

Estoppel does not lie against respondent.

Petitioner asserts that respondent is estopped from assailing the validity of the assessment by virtue of its payment of the undisputed portion thereof.

The Court *En Banc* is unconvinced.

In *Kalalo v. Luz*,[15] the Supreme Court outlined the essential elements of estoppel as follows:

> "The essential elements of estoppel *in pais* may be considered in relation to the party sought to be estopped, and in relation to the party invoking the estoppel in his favor. As related to the party to be estopped, the essential elements are: (1) **conduct amounting to false representation or concealment of material facts or at least calculated to convey the impression that the facts are otherwise than, and inconsistent with, those which the party subsequently attempts to assert**; (2) intent, or at least expectation that this conduct shall be acted upon by, or at least influence, the other party; and (3) knowledge, actual or constructive, of the real facts. As related to the party claiming the estoppel, the essential elements are (1) lack of knowledge and of the means of knowledge of the truth as the facts in question; (2), **reliance, in good faith, upon the conduct or statements of the party to be estopped**; (3) action or inaction based thereon of such character as to change the position or status of the party claiming the estoppel, to his injury, detriment or prejudice." *(Emphasis supplied)*

Applying these elements, the Court *En Banc* finds petitioner's estoppel argument untenable.

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[15] G.R. No. L-27782, July 31, 1970.

First, respondent's partial payment cannot be equated with conduct amounting to false representation or concealment of material facts. The payment of undisputed amounts, while contesting other portions of the assessment, merely reflects an acknowledgment of liability for items not in dispute—not an admission that the entire assessment is valid. Such conduct does not convey an impression inconsistent with respondent's subsequent challenge to the assessment's validity.

Second, the case records are devoid of any showing that petitioner relied on respondent's partial payment. Reliance is a critical element of estoppel, yet petitioner has failed to demonstrate how the payment altered its position or caused it injury or prejudice.

Third, and more fundamentally, the validity of a tax assessment cannot be established or negated by estoppel. The intrinsic validity of an assessment does not depend upon the will or conduct of the taxpayer but must be determined from the factual circumstances surrounding its issuance as measured against the requirements laid down by law and jurisprudence. An assessment that fails to comply with legal requisites remains invalid regardless of any subsequent action by the taxpayer. To rule otherwise would undermine the mandatory safeguards that the law imposes on the taxing authority.

Petitioner violated respondent's right to due process.

The Court *En Banc* concurs with the Court in Division's finding that the assessment is void due to violation of respondent's right to due process. The Court *En Banc* thus quotes with approval the Court in Division's relevant discussion on this matter, as follows:

> "A side-by-side comparison of the figures and findings in both the PAN and the FLD/FAN, along with the *Details of Discrepancies*, shows that they are *identical*.
>
> Notably, the BIR did not address any of the explanations made by petitioner in its protest to the PAN — an indication that the BIR did not consider them when it issued the subject FLD/FAN without giving any reason for rejecting petitioner's refutations and explanations in its thirteen-paged *Protest Letter* dated December 12, 2019.
>
> As established in the *Avon case*, the CIR is not obliged to accept the taxpayer's explanation, like that of petitioner. Nonetheless, it is imperative that he give the *particular facts* upon which his conclusion is based, and these facts must appear in the record.
>
> The right to be heard, including the right to present evidence, is meaningless if the Commissioner can ignore the evidence without

> reason. Respondent's failure to gives due consideration to petitioner's defenses, explanations, and supporting documents when he concluded in the FLD/FAN that petitioner had deficiency tax liabilities could hardly be considered substantial compliance with the due process requirement.
>
> In the more recent case of *Commissioner of Internal Revenue v. Next Mobile, Inc. (Next Mobile case)*, the Supreme Court *reiterated* its ruling in the *Avon* and *Ang Tibay* cases that 'not only must the party be given an opportunity to present his case and to adduce evidence tending to establish the rights which he asserts, ***but the tribunal must consider the evidence presented***.'
>
> Respondent's failure to uphold petitioner's fundamental right to due process under Section 228 of the NIRC of 1997, as amended and implemented by RR No. 12-1999 and RR No. 18-2013, renders the FLD/FAN, more particularly the deficiency IT assessment of ₱6,315,375.47, which is subject of the instant case, null and void."

While it is true that petitioner is not obligated to give credence to respondent's arguments when they lack merit, petitioner must state so on record and explain *why* they lack merit. A bare assertion of rejection is insufficient; the basis for such rejection must be clearly communicated to the taxpayer. Petitioner cannot claim that no due process violation occurred simply because respondent was given the opportunity to file a protest, when respondent was never informed *why* its defenses were rejected. Whether respondent's arguments have merit is precisely what petitioner must determine and explain on record. Otherwise, the protest stage is effectively reduced to a mere formality—an appearance of a hearing without its substance.

Considering the nullity of the assessment due to the violation of respondent's right to due process, there is no longer any need to discuss the other issues raised in the Petition for Review.

FOR THESE REASONS, the Petition for Review is **DENIED**, for lack of merit. Accordingly, the Decision dated June 24, 2024 and the Resolution dated November 13, 2024, respectively, of the CTA First Division, are **AFFIRMED**.

SO ORDERED.

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

WE CONCUR:

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

MARIAN IVY F. REYES-FAJARDO
Associate Justice

LANEE S. CUI-DAVID
Associate Justice

CORAZON G. FERRER-FLORES
Associate Justice

HENRY S. ANGELES
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.

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice