REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

Third Division

ABS-CBN PUBLISHING, INC.,
Petitioner,

-versus-

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA Case No. 9410

Members:
UY, *Chairperson, and*
RINGPIS-LIBAN, *JJ.*

Promulgated:

JAN 2 2 2019
2:04 p.m.

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JUDGMENT ON COMPROMISE

For resolution of this Court are: 1) the parties' Joint Motion for Approval of Compromise Agreement filed on September 3, 2018, with attached Judicial Compromise Agreement, Payment Forms, eFPS Payment Details and Filing Reference Nos.; and 2) the parties' Joint Manifestation, filed on October 15, 2018, attaching thereto a Secretary's Certificate signed by Marifel G. Gaerlan-Cruz, Corporate Secretary of Creative Programs, Inc., the surviving corporation which absorbed petitioner during its merger, and a certified true copy of the approval of the National Evaluation Board of the BIR of the Compromise Settlement.

On September 3, 2018, the parties filed their "Joint Motion for Approval of Compromise Agreement" praying that the Motion be granted, that the attached Judicial Compromise Agreement be approved, and the Court issue a Decision based on the Compromise Agreement.

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Before resolving the Joint Motion for Approval of the Compromise Agreement, the Court issued a Resolution on September 13, 2018, requiring the parties to submit within thirty (30) days of notice, the following:

1. Proof showing the authority of their respective signatories to enter into the said Agreement; and

2. Proof supporting the approval of the National Evaluation Board (NEB) of the BIR pursuant to Section 204[1] of the National Internal Revenue Code of 1997, as amended and Section 6 of Revenue Regulation No. 30-2002.[2]

Subsequently, the parties filed their Joint Manifestation on October 15, 2018, attaching thereto a Secretary's Certificate signed by Marifel G. Gaerlan-Cruz, Corporate Secretary of Creative Programs, Inc., the surviving corporation which absorbed petitioner during its merger, and a certified true copy of the approval of the National Evaluation Board of the BIR of the Compromise Settlement.

Considering the submission of the certified true copy of the NEB approval of petitioner's Application for Compromise Settlement, the Court shall now act on the parties' Joint Motion for Approval of Compromise Agreement.

The Compromise Agreement partly reads:

"x x x x x x x x x

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[1] **SEC. 204.** Authority of the Commissioner to Compromise, Abate and Refund or Credit Taxes. - The Commissioner may -

(A) Compromise the Payment of any Internal Revenue Tax, when:
xxx xxx xxx

Where the basic tax involved exceeds One million pesos (P1,000.000) or where the settlement offered is less than the prescribed minimum rates, the compromise shall be subject to the approval of the Evaluation Board which shall be composed of the Commissioner and the four (4) Deputy Commissioners.

xxx xxx xxx.

[2] **SEC. 6.** APPROVAL OF OFFER OF COMPROMISE. - Except for offers of compromise where the approval is delegated to the REB x x x, all compromise settlements within the jurisdiction of the National Office (NO) shall be approved by a majority of all the members of the NEB composed of the Commissioner and the four (4) Deputy Commissioners. All decisions of the NEB, granting the request of the taxpayer or favorable to the taxpayer, shall have the concurrence of the Commissioner.

WHEREAS, the **PARTIES**, for the purpose of avoiding and putting an end to a protracted, expensive and mutually prejudicial litigation, have agreed to amicably settle the above-mentioned case, upon terms and conditions hereinafter set forth;

NOW, THEREFORE, for and in consideration of the foregoing premises, the **PARTIES** hereto have agreed as follows:

Section 1. Judicial Compromise Amount. In order to settle the above-mentioned case, the **TAXPAYER** has offered and the **BIR** has accepted the **amount equivalent to forty percent (40%)** of the **Basic Tax** assessed for deficiency income tax, value-added tax and documentary stamp tax and the **amount equivalent to one hundred percent (100%)** of the Basic Tax assessed for deficiency final withholding tax in the **FDDA** in the **total compromise amount of Thirty Million Three Hundred Seventy-Seven Thousand Five Hundred Eighty-Five and 59/100 Pesos (PhP30,377,585.59)** ("**Judicial Compromise Amount**").

This amount is broken down as follows:

TAX TYPE	BASIC	PREVIOUS PAYMENTS	ADJUSTED BASIC TAX	COMPROMISE RATE	COMPROMISE AMOUNT
Income Tax	21,781,500.09	3,086,859.48	18,694,640.60	40%	**7,477,856.24**
VAT	54,442,154.86	329,130.59	56,113,024.27	40%	**22,445,209.71**
Expanded WT	350,644.51	350,644.51	-	100%	-
Compensation WT	211,530.49	211,530.49	-	100%	-
Final WT	330,219.13	198,131.48	132,087.65	100%	**322,432.00**
DST	810,844.29	4,764.30	806,079.99	40%	322,432.00
TOTAL	**79,926,893.36**	**4,181,060.85**	**75,745,832.51**		**30,377,585.59**

Section 2. Submission to the Honorable CTA. This agreement fully signed by the **PARTIES** shall be submitted for approval to the Honorable CTA in CTA Case No. 9410, pursuant to the Resolution of the Honorable CTA dated 03 May 2018. The **PARTIES** undertake to perform any and all acts, and submit any and all documents required by the Honorable CTA to be able to render a **Judgment by Compromise Agreement** in the said case.

Section 3. Effectivity of the Agreement. This **Agreement** shall only take effect and bind the **PARTIES** upon final approval by the Honorable CTA. This **Agreement** shall thereafter remain in force and effect until completion and fulfillment of the covenants and undertaking of the **PARTIES** hereto.

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Section 4. Deliverables of the PARTIES upon approval of this Agreement by the Honorable CTA. Upon final approval by the Honorable CTA of this Agreement the Taxpayer undertakes to submit to the **BIR** the **Judicial Compromise Amount.** Upon receipt of the **Judicial Compromise Amount,** the BIR undertakes to execute and deliver to the Taxpayer any and all documents as may be required to effectively and fully implement the provisions of this Agreement withdrawing and cancelling the **FAN** dated 26 June 2014.

Section 5. Authority to Enter Compromise Agreement. The **BIR,** through Commissioner Caesar R. Dulay warrant that he has the necessary authority and capacity under the law to enter, sign, and execute this Agreement, and to deliver its implementing documents upon its approval of the Honorable CTA.

The **TAXPAYER** through its Treasurer, **MR. ROLANDO P. VALDUEZA**, similarly warrants that he is duly authorized by the Board of Directors of the **TAXPAYER** and has full legal capacity to enter, sign, and execute this Agreement, and to deliver payment of the above-agreed additional amount.

Section 6. Full and Final Settlement. This Agreement is executed by the **PARTIES** for the purpose of amicably settling and ending CTA Case No. 9410. Upon performance by the **TAXPAYER of its obligations under Section 4 hereof, the BIR** recognizes the full satisfaction of the supposed tax liability, including any alleged deficiency interest, surcharge, and other penalties thereon, of the **TAXPAYER** in connection with CTA Case No. 9410 and acknowledges that the TAXPAYER no longer has any tax liability whatsoever based upon, arising from or in connection with the particular subject of CTA Case No. 9410 (**TAXPAYER'S** alleged deficiency internal revenue taxes for CY 2009).

x x x x x x x x x"

Under the Civil Code and in the Revised Rules of Court, courts are directed to persuade litigants in civil cases to agree upon some fair compromise. Such agreement has the force of law and is conclusive between the parties.[3]

[3] *Viesca vs. Gilinsky*, G.R. No. 171698, July 4, 2007.

A compromise agreement that is basically intended to resolve a matter already under litigation is what would normally be termed a judicial compromise. Once it is stamped with *Judicial imprimatur,* it becomes more than a mere contract binding upon the parties; having the sanction of the court and entered as its determination of the controversy, it has the force and effect of any other judgment.[4]

Acting on the subject Compromise Agreement, the Court finds that the same is not contrary to law, morals, public order and public policy. Hence, the Court approves the same.

In view of the foregoing, trial shall no longer be necessary.

WHEREFORE, premises considered, the parties' **Joint Motion for Approval of Compromise Agreement** filed on September 3, 2018 is **GRANTED** and the parties' **Joint Manifestation** filed on October 15, 2018 is **NOTED** with its corresponding attachments **ADMITTED**.

Accordingly, the **Compromise Agreement** entered into by the parties is **APPROVED** and judgment is hereby rendered in accordance therewith. The parties are thus enjoined to faithfully comply with all the terms and conditions of the aforesaid Compromise Agreement.

SO ORDERED.

ERLINDA P. UY
Associate Justice

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

[4] *Armed Forces of the Philippines Mutual Benefit Association, Inc. vs. Court of Appeals*, G.R. No. 126745, July 26, 1999.