REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

COMMISSIONER OF INTERNAL REVENUE, *Petitioner,*	**CTA *EB* NO. 2704** (CTA Case No. 9613)
	Present:
- versus -	**DEL ROSARIO,** *P.J.,* **RINGPIS-LIBAN,** **MANAHAN,** **BACORRO-VILLENA,** **MODESTO-SAN PEDRO,** **REYES-FAJARDO,** **CUI-DAVID,** **FERRER-FLORES,** *and* **ANGELES,** *JJ.*
RIECKERMANN PHILIPPINES, INC., *Respondent.*	Promulgated: OCT 01 2024 3:10pm

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RESOLUTION

CUI-DAVID, J.:

Before the Court *En Banc* is the *Motion for Reconsideration (En Banc Decision dated 13 May 2024)*[1] filed by petitioner on May 28, 2024, assailing the Decision[2] promulgated on May 13, 2024 (*assailed Decision*), the dispositive portion of which reads:

> **WHEREFORE**, premises considered, the *Petition for Review* filed by the Commissioner of Internal Revenue is **DENIED**, for lack of merit. The assailed Decision dated July 22, 2021 is **AFFIRMED**.
>
> **SO ORDERED.**

[1] *En Banc* Docket, pp. 99-102.
[2] *Id.*, pp. 67-93.

The *assailed Decision* sustained the ruling of the Court in Division ordering the cancellation and setting aside of the deficiency tax assessments issued by petitioner against respondent for taxable year (TY) 2006 for failure to prove the authority of the Revenue Officers (ROs) who conducted the audit/examination of respondent's books of accounts and other accounting records for TY 2006. The *assailed Decision* further ruled that even assuming that the authorities of the ROs were duly proven, the deficiency tax assessments against respondent are still void for having been issued in violation of respondent's right to administrative due process.

In moving for the reconsideration of the *assailed Decision*, petitioner reiterates his argument that the subject Letter of Authority (LOA) should not be offered in evidence. Allegedly, both parties admitted and never made an issue about the issuance of the LOA. Hence, for petitioner, the same constitutes judicial admission, and proof of the same is no longer necessary.

Further, petitioner asserts that only the Final Decision on Disputed Assessment (FDDA) was challenged in respondent's *Petition for Review* and not the original assessment. Hence, petitioner submits that the administrative assessment that transpired before the issuance of the FDDA should not be questioned considering that respondent did not make it an issue.

By way of *Comment (To the Motion for Reconsideration dated 28 May 2024)*, respondent submits that petitioner's *Motion for Reconsideration* should be denied for lack of merit.

First, the Court *En Banc* correctly ruled that the Court in Division did not err in ruling that the failure to present proof that the ROs were duly authorized to examine respondent's books of accounts and other accounting records for TY 2006 rendered the assessments null and void. According to respondent, the Court *En Banc* correctly found that "there was no admission on the existence or issuance of an LOA," given that both parties provided different details of the subject LOA. Hence, petitioner's failure to offer in evidence the subject LOA is detrimental to his case as there is no proof that the ROs who initially examined respondent's books of accounts are duly authorized.

x---x

Second, petitioner's contention that the administrative assessment that transpired before the issuance of the FDDA should not be questioned, considering that respondent did not make it an issue, is untenable. According to respondent, the Revised Rules of the Court of Tax Appeals (RRCTA) provides that "*the Court may not limit itself to the issues stipulated by the parties but may also rule upon related issues necessary to achieve an orderly disposition of the case.*"

Petitioner's *Motion for Reconsideration* must fail.

After a careful examination of the record and meticulous evaluation of the arguments proffered by petitioner in its *Motion for Reconsideration*, the Court *En Banc* finds that, except for petitioner's assertion that the administrative assessment that transpired before the issuance of the FDDA should not be questioned considering that respondent did not make it an issue, all the other arguments stated in the *Motion* have already been thoroughly discussed and passed upon, first by the Court in Division and subsequently on appeal, by the Court *En Banc*. Restating the discussion is a waste of time and resources for the Court.

Anent petitioner's claim that the administrative assessment that transpired before the issuance of the FDDA should not be questioned considering that respondent did not make it an issue, suffice it to say that the Court of Tax Appeals (CTA) may also rule upon related issues necessary to achieve an orderly disposition of the case. This authority of the CTA was affirmed by the Supreme Court in *Commissioner of Internal Revenue v. Lancaster Philippines, Inc.*,[3] to wit:

> "**On whether the CTA can resolve an issue which was not raised by the parties, we rule in the affirmative**.
>
> Under Section 1, Rule 14 of A.M. No. 05-11-07-CTA, or the Revised Rules of the Court of Tax Appeals, **the CTA is not bound by the issues specifically raised by the parties but may also rule upon related issues necessary to achieve an orderly disposition of the case**. The text of the provision reads:
>
> SECTION 1. *Rendition of judgment.* — x x x

Mr

[3] G.R. No. 183408, 12 July 2017.

In deciding the case, the Court may not limit itself to the issues stipulated by the parties but may also rule upon related issues necessary to achieve an orderly disposition of the case.

The above section is clearly worded. On the basis thereof, the CTA Division was, therefore, well within its authority to consider in its decision the question on the scope of authority of the revenue officers who were named in the LOA even though the parties had not raised the same in their pleadings or memoranda. The CTA En Banc was likewise correct in sustaining the CTA Division's view concerning such matter." (*Boldfacing supplied*)

Clearly, the CTA has the authority to rule upon related issues necessary to achieve an orderly case disposition. Considering that the case involves deficiency tax assessments, it is imperative for the Court in Division first to determine their validity before it can proceed to determine the merits of the case.

WHEREFORE, the *Motion for Reconsideration* filed by the petitioner Commissioner of Internal Revenue is **DENIED,** for lack of merit.

SO ORDERED.

LANEE S. CUI-DAVID
Associate Justice

We Concur:

ROMAN G. DEL ROSARIO
Presiding Justice

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

CATHERINE T. MANAHAN
Associate Justice

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JEAN MARIE A. BACORRO-VILLENA
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

Marian Ivy F. Reyes - Fajardo
MARIAN IVY F. REYES-FAJARDO
Associate Justice

ON LEAVE
CORAZON G. FERRER-FLORES
Associate Justice

HENRY S. ANGELES
Associate Justice