REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

THIRD DIVISION

MISNET EDUCATION, INC.,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA CASE NO. 10802

Members:

MANAHAN, *Chairperson,*
REYES-FAJARDO, *and*
ANGELES, *JJ.*

Promulgated:

SEP 19 2025
3:00 p.m.

x - x

JUDGMENT ON COMPROMISE AGREEMENT

MANAHAN, J.:

For this Court's resolution are the following:

1. Parties' *Joint Motion to Render Judgment Based on Compromise Agreement* filed on March 28, 2025; and

2. Petitioner's *Compliance and Manifestation* filed on July 15, 2025.

To recall, the Court issued a Resolution dated June 23, 2025, requiring both parties to submit the following documents: (1) mediator's Certification as required under Paragraph IX(A) of A.M. No. 11-1-5-SC-PHILJA; and (2) Certificate of Availment.

Considering petitioner's *Compliance and Manifestation* personally and electronically filed on July 15, 2025, the same is **NOTED**.

Petitioner manifests in its *Compliance* that the appointed mediator declined to issue a mediator's Certification because of the parties' failure to reach a settlement within the mediation period.

At any rate, considering that a judicial compromise may be entered into at any stage of the proceedings, and in view of the submission of the above-enumerated documents, the Court shall now proceed to act on the parties' *Joint Motion to Render Judgment Based on Compromise Agreement.*

The Judicial Compromise Agreement partly reads:

> "**WHEREAS**, the BIR issued to the TAXPAYER a Final Assessment Notice ('FAN') dated January 14, 2016 for alleged deficiency income tax, value added tax, withholding tax on compensation and expanded withholding tax xxx
>
> xxx xxx xxx
>
> **WHEREAS**, the BIR issued a Final Decision on Disputed Assessment ('FDDA') on February 8, 2022 which amended the assessments for deficiency income tax, value added tax, withholding tax on compensation and expanded withholding tax in the total amount of **Three Million Five Hundred Fifty Six Thousand Five Hundred Twenty Nine And Twenty Centavos (Php3,556,529.20)** xxx
>
> xxx xxx xxx
>
> WHEREAS, on September 20, 2023, RCBC, in compliance with the above order, relased and/or paid to the Respondent the amount of **Three Hundred Seventy Eight Thousand Nine Hundred Twenty Three and 60/100 Pesos (Php378,923.60).**
>
> xxx xxx xxx
>
> **NOW THEREFORE**, for and in consideration of the foregoing premises, the parties hereto have agreed as follows:
>
> 1. Judicial Compromise Amount. In order to amicably settle the above-mentioned case, the Taxpayer has offered and already paid, and the BIR has verified the payment through the issuance of Certification Control No. 050-2024-071 dated June 27, 2024, issued by BIR RDO No. 50 – South Makati, of the amount of **One Million Six Hundred Eleven Thousand One Hundred Five and 03/100 Pesos (Php1,611,105.03),** representing the percentage of basic taxes assessed below xxx
>
> xxx xxx xxx

3. **Effectivity of the Agreement**. This Agreement shall take effect and bind the Parties upon final approval by the Honorable Court and shall remain in force and effect until the completion of the covenants and undertaking of the Parties hereto.

4. **Deliverables of the Parties**. Upon final approval by the Honorable Court of this Agreement, 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, including but not limited to, the Authority to Cancel Assessment ('ATCA') withdrawing and cancelling the FAN dated January 14, 2016 and FDDA dated February 8, 2022 and an Order releasing the garnished amount in the bank accounts of the Taxpayer in RCBC, BDO and BPI.

5. **Authority to Enter into Compromise Agreement**. The Parties, through their respective representatives, hereby represents and warrants that they have the necessary authority and capacity under the law to enter, sign and execute this Agreement, and to fulfill all obligations arising under this Agreement upon its approval by the Honorable Court.

6. **Full and Final Settlement**. This Agreement is executed by the parties for the purpose of amicably settling and terminating CTA Case No. 10802. The BIR hereby recognizes that the payment by the Taxpayer of the Judicial Compromise Amount constitutes the full and complete satisfaction of the alleged tax liability of the Taxpayer in connection with CTA Case No. 10802 and acknowledges that the Taxpayer no longer has any tax liability whatsoever based upon and arising from or in connection with CTA Case No. 10802.

xxx xxx xxx"

In relation thereto, Section 204 of the 1997 National Internal Revenue Code (Tax Code) pertinently provides:

"**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:

(1) A reasonable doubt as to the validity of the claim against the taxpayer exists; or

xxx xxx xxx

> The compromise settlement of any tax liability shall be subject to the following minimum amounts:
>
> xxx xxx xxx
>
> For other cases, a minimum compromise rate equivalent to forty percent (40%) of the basic tax assessed.
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> Where the basic tax involved exceeds One million pesos (P1,000,000) xxx 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."

Records reveal that the subject compromise is anchored on doubtful validity of assessment.[1] Further scrutiny of the records reveal that, in support of the *Joint Motion for Approval of Compromise Agreement*, the parties submitted the following documents:

1. Original copy of the Judicial Compromise Agreement;

2. Certification Control No. 050-2024-071 issued by the Bureau of Internal Revenue (BIR) to certify the corresponding collections from petitioner;

3. Payment Forms (BIR Form No. 0605) representing the payments for deficiency Income Tax (IT), Value-Added Tax (VAT), Withholding Tax on Compensation (WTC), and Expanded Withholding Tax (EWT); and

4. Certificate of Availment (Compromise Settlement) signed by Assistant Commissioner of Internal Revenue (ACIR) James H. Roldan of the Enforcement and Advocacy Service.

In relation thereto, the pertinent provisions of Revenue Regulations (RR) No. 30-2002 on Compromise Settlement provide:

> "**SEC. 4. PRESCRIBED MINIMUM PERCENTAGES OF COMPROMISE SETTLEMENT**.-

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[1] Petition for Review, Docket, Vol. I, pp. 11-25. *cm*

5. For cases of 'doubtful validity' – A minimum compromise rate equivalent to forty percent (40%) of the basic assessed tax.

xxx xxx xxx"

"**SEC. 6. APPROVAL OF OFFER OF COMPROMISE.** – Except for offers of compromise where the approval is delegated to the REB pursuant to the succeeding paragraph, 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.

xxx xxx xxx"

Here, except for the deficiency EWT and WTC, which petitioner paid in full,[2] petitioner paid 40% of the basic assessed tax for IT and VAT, as shown by the relevant payment forms (BIR Form No. 0605) submitted to the Court.

With respect to the approval of the offer of compromise, petitioner's Certificate of Availment shows that the same was approved by ACIR James Roldan. While the said Certificate appears to be non-compliant with Section 6 of RR No. 30-2002, *i.e.*, the compromise must be with the concurrence of the commissioner, Revenue Delegation of Authority Order (RDAO) No. 14-2022 nonetheless conferred this authority to the ACIR of Enforcement and Advocacy Service. It provides:

"II. Delegated Authority

Pursuant to Section 7 of the NIRC of 1997, as amended, the authority of the CIR to sign Certificate of Availment of Judicial Compromise after acceptance of the offer of the taxpayer by the National Evaluation Board (NEB), is hereby delegated to the Assistant Commissioner of Enforcement and Advocacy Service."

Considering that ACIR James Roldan is clothed with authority to approve the compromise as shown in the Certificate of Availment, the Court finds the same in order.

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[2] Under Section 2 of RR No. 30-2002, Withholding Tax cases may not be the subject of compromise.

Hence, after scrutiny of the documents submitted by the parties in support of the judicial compromise, the Court finds the same compliant with the established laws, rules, and regulations. As such, the Court resolves to **APPROVE** the same. The parties are enjoined to faithfully comply with all the terms and conditions of the subject Judicial Compromise Agreement.

SO ORDERED.

Catherine T. Manahan
CATHERINE T. MANAHAN
Associate Justice

WE CONCUR:

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

HENRY S. ANGELES
Associate Justice

ATTESTATION

I attest that the conclusions in the above Judgment on Compromise Agreement were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

Catherine T. Manahan
CATHERINE T. MANAHAN
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, it is hereby certified that the conclusions in the above Judgment on Compromise Agreement were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ROMAN G. DEL ROSARIO
Presiding Justice

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