REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SECOND DIVISION

ROBINSONS TRUE SERVE HARDWARE PHILIPPINES, INC., Petitioner,	**CTA CASE NO. 9418** Members:
- versus -	**CASTAÑEDA, JR.,** *Chairperson,* **MINDARO-GRULLA,** *and* **BACORRO-VILLENA,** *JJ.*
COMMISSIONER OF INTERNAL REVENUE, Respondent.	Promulgated: JUN 15 2020 11:05 am

x - x

RESOLUTION

MINDARO-GRULLA, J.:

Submitted before this Court is respondent's **Motion for Reconsideration Re: Decision dated 23 January 2020** filed on February 10, 2020, with petitioner's **Comment (To Respondent's Motion for Reconsideration Re: Decision Promulgated on 23 January 2020)** filed on March 6, 2020.

On January 23, 2020, a Decision was promulgated by this Court, annulling respondent's deficiency tax assessments for failing to state a definite amount of tax liabilities and violating petitioner's right to due process of law, the disposition portion of which reads as follows:

> **WHEREFORE**, in light of the foregoing considerations, the instant *Petition for Review* is **GRANTED**. Accordingly, the subject deficiency income tax, VAT, EWT, and DST assessments issued against petitioner for taxable year ended December 31, 2010, in the aggregate amount of ₱1,182,392,770.89 are **CANCELLED and SET ASIDE**, for being void.

SO ORDERED.

In his Motion, respondent raised the following assignment of errors as basis for his arguments, *viz.*:

I. The Court erred when it granted a relief that was not prayed for by petitioner; and,

II. The Court erred in ruling that the Formal Letter of Demand (FLD) and Final Assessment Notice (FAN) are void because they failed to demand payment thereof within a specific period.

As to his first assigned error, respondent argues that the validity of the Formal Letter of Demand (FLD) was never questioned in the Petition for Review or during the course of trial. He claims that by ruling on an issue that was never raised, respondent was denied procedural and substantive due process because he was neither heard nor given the opportunity to be heard on the particular issue. Respondent further insists that Section 1, Rule 14 of the Revised Rules of the Court of Tax Appeals (RRCTA) is intended to allow the Court to resolve the main issue under the proper perspective and not to resolve as a main issue a matter not derived from the pleadings. Respondent maintains that achieving an orderly disposition of the cases under the RRCTA is not synonymous with violating litigants' basic right to fair play and due process, or disregarding rules of procedure and rules on pre-trial.

With regard to the second assigned error, respondent insists that the FLD has fixed, and definitely set, the deficiency tax liabilities of petitioner. However, since respondent has no control if petitioner will agree on his deficiency tax assessment or when petitioner will pay its deficiency tax assessment, the phrase "be adjusted if paid beyond the date specified therein" is but a safeguard in case petitioner files its protest or pays the amount beyond the period provided. Simply otherwise, should petitioner fails to pay the stated tax liability on or before the date up to where the interests were computed, the deficiency interest will allegedly have to be adjusted accordingly. Respondent claims that it is rudimentary that interest adjusts depending on the date the amount due is paid.

Nonetheless, respondent asserts that the FLD and Final Assessment Notice (FAN) issued against petitioner are compliant with

L

the basic requisites provided under Section 228 of the National Internal Revenue Code (NIRC) of 1997, as amended.

On the other hand, in its Comment, petitioner primarily opposes respondent's Motion for being *pro forma*. Petitioner claims that respondent's prayer that it be directed to pay Improperly Accumulated Earnings Tax (IAET) has no relation to this case since what this Court cancelled were respondent's assessments for deficiency income tax, value-added tax, expanded withholding tax, and documentary stamp tax for taxable year 2010. Simply stated, respondent seeks a relief that is not related to this case.

More so, petitioner claims that respondent was afforded due process in this case as he had the opportunity to establish the validity of the subject FLD and assessment notices. However, it was found that respondent's FLD, FAN and Final Decision on Disputed Assessment (FDDA) lacked the definite amount of tax liabilities due, which was the same basis for invalidation of the assessments in the cited case *Commissioner of Internal Revenue vs. Fitness by Design, Inc.*[1] *("Fitness by Design"* case hereafter).

After due consideration, this Court finds no merit in the present Motion.

Notably, the arguments raised in respondent's Motion for Reconsideration are mere rehash of the same facts and issues which have already been discussed extensively in the Decision dated January 23, 2020. To reiterate an excerpt from the assailed Decision, *viz.*:

> "Based on the foregoing provision, this Court 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. Such authority of this Court is confirmed and recognized by the Supreme Court in the case of *Commissioner of Internal Revenue vs. Lancaster Philippines, Inc., viz*:
>
> > **'On whether the CTA can resolve an issue which was not raised by the parties, <u>we rule in the affirmative</u>.**

---

[1] G.R. No. 215957, November 9, 2016.

L

> **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.*** **– xxx**
> >
> > **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.' *(Emphases ours)*

x x x

A careful reading of the foregoing would reveal that the subject tax assessments lack the definite amount of tax liabilities for which petitioner is accountable. Specifically, the said FLD states that the interest will still *"be adjusted if paid beyond the date specified therein."* Similar to the *Fitness By Design* case, although the FLD provides for a computation of petitioner's supposed tax liabilities, the respective amount thereof remains indefinite, since the said tax assessments are still subject to modification or adjustment, depending on the date of payment by petitioner.

L

> In the same vein, the FDDA dated February 29, 2016 is likewise to the effect that *"the interest will have to be adjusted if paid beyond March 30, 2016"*. Thus, just as in the subject FLD, the supposed tax liabilities of petitioner remain indefinite in the said FDDA.
>
> Such being the case, on the basis of the aforequoted ruling in the *Fitness By Design* case, the subject tax assessments are void, and thus, bear no valid fruit."

Suffice it to say that as dictated by our policy of maintaining stability in jurisprudence in accordance with the legal maxim "*stare decisis et non quieta movere*", any pronouncement made by the Supreme Court must be followed by all courts of lower rank in subsequent cases where the same legal issue is raised.[2] Perforce, there is only one Supreme Court from whose decisions all other courts should take their bearings.[3] Accordingly, this Court finds no cogent reason to disturb the assailed Decision.

WHEREFORE, in view of the foregoing, respondent's Motion for Reconsideration Re: Decision dated 23 January 2020 is **DENIED** for lack of merit.

SO ORDERED.

CIELITO N. MINDARO-GRULLA
Associate Justice

We Concur:

JUANITO C. CASTAÑEDA, JR.
Associate Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

---

[2] *Ayala Corporation v. Rosa-Diana Realty and Development Corp.*, G.R. No. 134284, December 1, 2000.

[3] Justice J.B.L. Reyes spoke in *Albert v. Court of First Instance of Manila [Branch VI]*, L-26364, May 29, 1968, 23 SCRA 948, 961., at pp. 230-231