**REPUBLIC OF THE PHILIPPINES**
**COURT OF TAX APPEALS**
**QUEZON CITY**

***First Division***

**ROXAS HOLDINGS, INC.,**
*Petitioner,*

*-versus-*

**COMMISSIONER OF INTERNAL REVENUE,**
*Respondent.*

**CTA Case No. 10321**

Members:

**DEL ROSARIO,** *P.J., Chairperson*
**MANAHAN,** *and*
**REYES-FAJARDO,** *JJ.*

Promulgated:
AUG 09 2022 1:49p

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# RESOLUTION

**MANAHAN, *J.*:**

This resolves petitioner's **Motion for Reconsideration (of the Judgment by Compromise Agreement dated March 30, 2022)**[1] filed on April 22, 2022 without[2] respondent's comment despite due notice[3], praying for the approval of the Compromise Agreement dated July 13, 2022 in its entirety and to declare the instant case close and terminated.

Petitioner argues that it raised both factual and legal defenses that cast doubt on its obligation to withhold and rendering the entire assessment of doubtful validity.

Petitioner also avers that having paid 100% of the basic tax due on the withholding tax assessments, the settlement is likewise covered by the abatement provision under Section 204 (B) of the 1997 National Internal Revenue Code (NIRC), as amended.

We believe otherwise.

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[1] Docket, CTA Case No. 10321, pp. 871-886.
[2] Records Verification dated May 25, 2022.
[3] Resolution dated May 4, 2022.

Petitioner insists that Section 2 of Revenue Regulations (RR) No. 30-2002 which implements Section 204(A) of the 1997 National Internal Revenue Code (NIRC) as amended, should be read together with Section 3 thereof which provides for the definition of doubtful validity.

Petitioner avers that the alleged deficiency withholding tax on compensation (WTC), expanded withholding tax (EWT), and final withholding tax (FWT) assessments were based on discrepancies arising from comparison of various returns and reports, hence, said assessments are, no doubt, merely presumptions and not based on actual facts which may be the subject of compromise.

It should be noted, as cited in the Assailed Judgment by Compromise Agreement dated March 30, 2022, that petitioner merely argued that it properly withheld taxes on compensation and that there is no underpayment of EWT, an argument that is palpably factual in nature. It also insisted that it has properly applied the applicable FWT for dividend payments to stockholders during the fiscal period ending June 30, 2010 and the same was remitted to the Bureau of Internal Revenue. Petitioner did not, however, indicate in its petition the particular provision of law that casts doubt on its obligation to withhold. In other words, petitioner admits to its legal obligation as a withholding tax agent.

Section 3 of RR No. 30-2002 merely defines when an assessment is of doubtful validity and it is not the provision of law that is being referred to in Section 2 thereof, to wit:

> "SEC. 2. CASES WHICH MAY BE COMPROMISED. - The following cases may, upon taxpayer's compliance with the basis set forth under Section 3 of these Regulations, be the subject matter of compromise settlement, viz:
>
> 1. Delinquent accounts;
>
> 2. Cases under administrative protest after issuance of the Final Assessment Notice to the taxpayer which are still pending in the Regional Offices, Revenue District Offices, Legal Service, Large Taxpayer Service (LTS), Collection Service, Enforcement Service and other offices in the National Office;
>
> 3. Civil tax cases being disputed before the courts;
>
> 4. Collection cases filed in courts;

> 5. Criminal violations, other than those already filed in court or those involving criminal tax fraud.
>
> **EXCEPTIONS:**
>
> 1. Withholding tax cases, **unless the applicant-taxpayer invokes provisions of law that cast doubt on the taxpayer's obligation to withhold**; ..."
>
> xxx xxx xxx (*Emphasis supplied*)

As to petitioner's claim that the settlement is likewise covered by the abatement provision under Section 204 (B) of the 1997 NIRC, as amended, having paid 100% of the basic tax due on the withholding tax assessments, petitioner should be aware that the grounds for application of such remedy under Section 204(B) are different from those that are provided for under Section 204(A) of the 1997 NIRC, as amended.

In abatement, the grounds consist of either: (1) that the tax or any portion thereof appears to be unjustly or excessively assessed, or (2) that the administration and collection costs involved do not justify the collection of the amount due. In contrast, the grounds in compromise are either financial incapacity or the assessment is of doubtful validity. However, withholding tax was treated in a separate manner. Thus, abatement cannot apply in a compromise.

There being no new arguments raised in the instant motion, this Court finds no compelling reason to disturb its ruling in the Assailed judgment.

**WHEREFORE**, premises considered, petitioner's *Motion for Reconsideration (of the Judgment by Compromise Agreement dated March 30, 2022)* is hereby **DENIED** for lack of merit.

**SO ORDERED.**

**CATHERINE T. MANAHAN**
Associate Justice

**WE CONCUR:**

(With due respect, I maintain my Dissenting Opinion)
**ROMAN G. DEL ROSARIO**
Presiding Justice

**MARIAN IVY F. REYES-FAJARDO**
Associate Justice