22-000198-0077

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

CTA CASE NO. 10853

MEDICARD PHILIPPINES, INC.,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

NOTICE OF DECISION

To:

OFFICE OF THE SOLICITOR GENERAL
134 Amorsolo St., Legazpi Village
Makati City

ATTY. SYLVIA R. ALMA JOSE
ATTY. AYESHA HANIA B. GUILING-MATANOG
Bureau of Internal Revenue
Room 703, Litigation Division, BIR National Office Building
Sen. Miriam P. Defensor-Santiago Avenue
Diliman, Quezon City

BANIQUED AND BELLO
Suite 803, 8th Floor, Jollibee Centre
San Miguel Avenue, Ortigas Center
1605 Pasig City

GREETINGS:

You are hereby notified by these presents that on **October 28, 2025,** a Decision was rendered in the above-entitled case, copy of which is attached hereto.

Quezon City, Philippines, **October 30, 2025.**

Atty. Maria Johoanna F. Chan-Te
Executive Clerk of Court III

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

MEDICARD PHILIPPINES, INC., *Petitioner,*	**CTA CASE NO. 10853**
	Members:
- versus -	**BACORRO-VILLENA**, *Acting Chairperson, and* **CUI-DAVID**, JJ.
COMMISSIONER OF INTERNAL REVENUE, *Respondent.*	Promulgated: OCT 28 2025 ; 2:50 PM

x - x

DECISION

CUI-DAVID, J.:

Before this Court is a *Petition for Review*[1] filed by Medicard Philippines, Inc. on May 4, 2022, assailing the Formal Letter of Demand (FLD) and the deficiency assessments for Income Tax (IT), Value-Added Tax (VAT), and Expanded Withholding Tax (EWT) for taxable year (TY) 2014, in the aggregate amount of ₱1,593,040,682.23, inclusive of interest and penalties.

THE PARTIES

Petitioner Medicard Philippines, Inc. is a corporation organized and existing under the laws of the Philippines with office address at 8/F The World Centre Building, 303 Senator Gil Puyat Avenue, Makati City.[2]

Respondent is the duly appointed Commissioner of Internal Revenue (CIR) who is tasked to assess and collect all national internal revenue taxes, fees and charges, and enforce all forfeitures, penalties and fines connected therewith.

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[1] Docket – Vol. I, pp. 7–43.
[2] *Id.* at 351, *Joint Stipulation of Facts and Issues* (JSFI), Stipulation of Facts, par. 1.

Respondent holds office at the Bureau of Internal Revenue (BIR) National Office Building, Agham Road, Diliman, Quezon City.[3]

THE FACTS AND THE PROCEEDINGS

On January 8, 2016, petitioner received Letter of Authority (LOA) No. eLA201200042139, dated December 9, 2015 (First LOA),[4] authorizing Revenue Officers (ROs) Belen Sevilla (Sevilla), Sarah Urbano (Urbano), and Group Supervisor (GS) Ma Daisy Dajao (Dajao) of Revenue District Office (RDO) No. 122-Large Taxpayers Division (LTD), Makati, to audit and examine petitioner's books of accounts and other accounting records for TY 2014.

On April 20, 2016, a Memorandum of Assignment (MOA)[5] was issued by the Chief of LTD Makati, RDO No. 122, assigning the continuation of the audit/investigation of petitioner's internal revenue tax liabilities for TY 2014 to RO Arthur C. Ramos (Ramos) and GS Asela E. Sese (Sese).

On January 19, 2017, petitioner received a letter dated October 26, 2016, from the Chief of LTD Makati, RDO No. 122, stating that RO Ramos and GS Sese are authorized to continue the audit/examination of petitioner's records/book of accounts for TY 2014.[6]

A Waiver of the Defense of Prescription Under the Statute of Limitations of the National Internal Revenue Code (NIRC) of 1997, as amended, (waiver) dated February 7, 2017, was executed, extending the period to assess and collect deficiency taxes for TY 2014 until December 31, 2017 (First Waiver).[7]

Subsequently, a series of waivers were executed and notarized on October 5, 2017[8] (Second Waiver), May 23, 2018[9] (Third Waiver), and December 17, 2018[10] (Fourth Waiver), each further extending the period to assess and collect deficiency taxes covering TY 2014 until June 30, 2018, December 31, 2018, and September 30, 2019, respectively.[11]

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3 *Id.* at 351, JSFI, Stipulation of Facts, par. 2.
4 BIR Records, p. 1, Exhibits "P-6" and "R-1"; Docket – Vol. I, p. 351, JSFI, Stipulation of Facts, par. 2.
5 BIR Records, p. 6, Exhibit "R-2".
6 BIR Records, p. 8, Exhibit "P-6-4"; Docket – Vol. I, p. 352, JSFI, Stipulation of Facts, par. 4.
7 Docket – Vol. II, p. 853, Exhibit "P-6-5"; BIR Records, pp. 178–179, Exhibits "P-6-5" & "R-4", respectively; Docket – Vol. I, p. 352, JSFI, Stipulation of Facts, par. 5.
8 Docket – Vol. II, p. 856, Exhibit "P-6-6"; BIR Records, pp. 194–195, Exhibits "P-6-6" & "R-5", respectively.
9 Docket – Vol. II, p. 858, Exhibit "P-6-7"; BIR Records, pp. 196–197, Exhibits "P-6-7" & "R-6", respectively.
10 Docket – Vol. II, p. 860, Exhibit "P-6-8"; BIR Records, pp. 198–199, Exhibits "P-6-8" & "R-7", respectively.
11 Docket – Vol. I, p. 352, JSFI, Stipulation of Facts, par. 6.

On April 30, 2019, petitioner received LOA No. eLA201600056813, dated April 24, 2019 (Second LOA),[12] authorizing RO Ramos and GS Teodore Maroket of Regular Large Tax Audit Division 3 (RLTAD 3) of the BIR to examine the books of accounts and other accounting records of petitioner for TY 2014.

On June 28, 2019, petitioner received a Notice of Informal Conference, dated May 14, 2019, issued by Mr. Simplicio Cabantac, Jr., Division Chief of RLTAD 3.[13]

A Fifth Waiver was executed on August 14, 2019, further extending the period to assess and collect deficiency taxes for TY 2014 until June 30, 2020.[14]

On November 28, 2019, petitioner received an undated Preliminary Assessment Notice (PAN) from OIC-Assistant Commissioner Manuel V. Mapoy of the Large Taxpayers Service (LTS).[15]

On December 12, 2019, petitioner filed a Reply to the PAN,[16] to present its justifications and arguments against the alleged deficiency IT, VAT, and EWT for TY 2014.

On July 27, 2020, petitioner received an undated Formal Letter of Demand (FLD), with attached Audit Result/Assessment Notice and Details of Discrepancy, assessing petitioner for alleged deficiency IT, VAT, and EWT for TY 2014 in the aggregate amount of ₱1,631,763,301.34.[17]

On August 26, 2020, petitioner filed a Protest to the FLD.[18] Thereafter, petitioner filed a Supplemental Protest to the FLD on October 26, 2020.[19]

On April 4, 2022, petitioner received the Final Decision on Disputed Assessment (FDDA), dated March 30, 2022,[20] denying the Protest to the FLD and reiterating petitioner's alleged liability for deficiency IT, VAT, and EWT in the aggregate

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12 BIR Records, p. 263, Exhibits "P-6-10" & "R-3"; Docket – Vol. I, p. 352, JSFI, Stipulation of Facts, par. 7.
13 BIR Records, p. 307, Exhibits "P-6-11" & "R-8"; Docket – Vol. I, p. 352, JSFI, Stipulation of Facts, par. 8.
14 Docket – Vol. II, p. 870, Exhibit "P-6-12"; BIR Records, pp. 312–313, Exhibits "P-6-12" & "R-9", respectively; Docket – Vol. I, p. 352, JSFI, Stipulation of Facts, par. 9.
15 BIR Records, pp. 333–342, Exhibits "P-6-13" & "R-11"; Docket – Vol. I, p. 352, JSFI, Stipulation of Facts, par. 10.
16 BIR Records, pp. 408–414, Exhibit "P-6-14".
17 BIR Records, pp. 458 G–458 O, Exhibits "P-6-15" & "R-13"; Docket – Vol. I, p. 352, JSFI, Stipulation of Facts, par. 11.
18 BIR Records, pp. 683–700, Exhibit "P-6-16".
19 *Id.* at 708–726, Exhibit "P-6-17".
20 *Id.* at 775–783, Exhibits "P-6-18" & "R-15".

amount of ₱1,593,040,682.23, inclusive of interest and penalties, for TY 2014.[21]

On May 4, 2022, petitioner filed the instant *Petition for Review*.[22]

On June 16, 2022, respondent filed a *Motion for Extension of Time to File Answer*,[23] which the Court granted on June 21, 2022, giving respondent a non-extendible period of thirty (30) days from June 12, 2022, or until July 12, 2022, to file his Answer.[24]

On July 12, 2022, respondent filed his *Answer*.[25]

A Notice of Pre-Trial Conference was issued on July 13, 2022, setting the case for pre-trial conference on October 5, 2022.[26]

Petitioner filed its *Pre-Trial Brief* on September 29, 2022,[27] while respondent filed his *Pre-Trial Brief* on October 3, 2022.[28]

During the Pre-Trial Conference, the case was referred to the Philippine Mediation Center-Court of Tax Appeals (PMC-CTA) for mediation proceedings, and the parties were ordered to submit their Joint Stipulation of Facts and Issues (JSFI) within 30 days therefrom.[29]

On November 7, 2022, the Court received PMC-CTA Form 6 – No Agreement to Mediate, indicating that the parties decided not to have their case mediated,[30] which was duly noted by the Court in its Resolution dated November 22, 2022.

On November 11, 2022, the parties filed their JSFI.[31]

On February 6, 2023, the Court issued the Pre-Trial Order,[32] deeming the pre-trial terminated.

[21] Docket – Vol. I, p. 353, JSFI, Stipulation of Facts, par. 12.
[22] *Supra* note 1.
[23] Docket – Vol. I, pp. 272–274.
[24] *Id.* at 276, Order.
[25] *Id.* at 277–293.
[26] *Id.* at 306–307.
[27] *Id.* at 309–323.
[28] *Id.* at 326–331.
[29] *Id.* at 332 & 338–340, Minutes and Order of the Hearing held on October 5, 2022, respectively.
[30] *Id.* at 350.
[31] *Id.* at 351–360.
[32] *Id.* at 586–593.

During the trial, petitioner presented the testimonies of Mr. John Anthony P. Ramos (Ramos)[33] and Mr. Rean G. Abalos (Abalos).[34]

On October 20, 2023, petitioner filed a *Formal Offer of Evidence with Omnibus Motion [(A) To Admit Attached Second Independent Certified Public Accountant ("ICPA") Report dated October 19, 2023 and Supplemental Judicial Affidavit of Rean G. Abalos; (B) To Recall Mr. Abalos to Identify said Report; and (C) To Set Additional Commissioner's Hearing].*[35] However, respondent failed to file a comment thereto.[36]

On January 12, 2024, the Court issued a Resolution partially granting petitioner's *Omnibus Motion*,[37] and set the continuation of petitioner's presentation of evidence for the testimony of the recalled ICPA, Mr. Abalos on January 16, 2024.

Thereafter, on January 26, 2024, petitioner filed its *Supplemental Formal Offer of Evidence*[38] to which respondent failed to file a comment.[39]

On March 26, 2024, the Court, in its Resolution, resolved to admit petitioner's exhibits, except for Exhibits "P-35-1-229", "P-35-2-56", "P-35-2-161", "P-35-2-446", "P-35-3-59", "P-35-5-1", "P-35-5-15", "P-35-9-1 to P-35-9-7", "P-35-9-9 to P-35-9-91", "P-35-9-93 to P-35-9-141", "P-35-9-187", "P-35-9-192", "P-35-9-193", "P-35-9-220", "P-35-9-607", "P-35-9-609", "P-35-9-720", "P-38-9-1", "P-38-9-2", and "P-38-9-26", for being unreadable and/or improperly scanned.[40]

Petitioner subsequently filed a *Manifestation with Motion to Reset Hearing*,[41] *Motion for Reconsideration (of Resolution dated March 26, 2024)*,[42] and *Motion to Include Additional Evidence in Motion for Reconsideration dated April 17, 2024*[43] on April 5, 17, and 19, 2024, respectively. Respondent, however, failed to file a comment to petitioner's *Motion for Reconsideration (of Resolution*

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[33] Docket – Vol. I, pp. 613 & 614, Minutes and Order of the Hearing held on April 12, 2023, respectively; 49–72, Judicial Affidavit of Mr. John Anthony P. Ramos, Exhibit "P-10".
[34] Docket – Vol. I, pp. 618–621, Judicial Affidavit of Mr. Rean G. Abalos, Exhibit "P-14"; 690–696, Judicial Affidavit of Mr. Rean G. Abalos, Exhibit "P-11".
[35] Docket – Vol. II, pp. 718–761.
[36] *Id.* at 1009, Records Verification dated November 6, 2023.
[37] *Id.* at 1014–1016.
[38] *Id.* at 1025–1030.
[39] *Id.* at 1051, Records Verification dated February 2, 2024.
[40] *Id.* at 1060–1062.
[41] *Id.* at 1063–1066.
[42] *Id.* at 1072–1077.
[43] Docket – Vol. III, pp. 1241–1245.

dated March 26, 2024][44] and *Motion to Include Additional Evidence in Motion for Reconsideration dated April 17, 2024.*[45]

On June 26, 2024, the Court granted both motions and admitted the previously denied exhibits.[46]

On August 15, 2024, respondent's counsel presented his sole witness, GS Ramos.[47] Thereafter, on August 27, 2024, respondent filed a *Formal Offer of Evidence*[48] to which petitioner filed a *Comment [On Respondent's Formal Offer of Evidence dated August 27, 2024]*[49] on September 2, 2024. The Court, in a Resolution dated October 28, 2024, admitted all of respondent's exhibits.[50]

On December 4, 2024, a *Memorandum for Petitioner* was filed,[51] while respondent failed to file his memorandum.[52]

On January 20, 2025, the case was deemed submitted for decision.[53]

THE ISSUE

The sole issue, as stipulated by the parties, is:

> Whether or not petitioner is liable to pay the amount of ₱1,593,040,682.23 representing petitioner's alleged deficiency taxes, inclusive of surcharge and interest, for taxable year 2014.[54]

Petitioner's arguments:

Petitioner argues that it is not liable for the alleged deficiency taxes for TY 2014 on the ground that the assessment is null and void as the ROs who conducted the examination lacked the proper authority to audit petitioner's books of account; an FLD with no demand or requirement for the taxpayer to pay the assessed deficiency taxes is invalid; the

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[44] *Id.* at 1253, Records Verification dated April 24, 2024.
[45] *Id.* at 1257, Records Verification dated May 20, 2024.
[46] *Id.* at 1262–1264, Resolution.
[47] *Id.* at 1265–1266 & 1267–1268, Minutes of the Hearing and Order dated August 15, 2024, respectively.
[48] *Id.* at 1270–1280.
[49] *Id.* at 1285–1287.
[50] *Id.* at 1296–1297.
[51] *Id.* at 1298–1344.
[52] *Id.* at 1349, Records Verification dated October 11, 2024.
[53] *Id.* at 1350, Notice of Resolution.
[54] Docket – Vol. I, pp. 588, Pre-Trial Order, II. Statement of the Facts & Issues, B. Stipulation of Issue; 353, JSFI, II. Stipulation of Issue.

government's right to assess petitioner for alleged deficiency taxes for TY 2014 has already prescribed since the waivers are defective; and the assessment for alleged deficiency IT, VAT, and EWT are devoid of both factual and legal basis and the imposition of compromise penalties is improper.

Respondent's arguments:

Respondent counters that the FLD, together with the Assessment Notices, have fixed and set the deficiency tax liabilities of petitioner and indicated the due date on July 31, 2020. Respondent's right to assess has not yet prescribed due to the execution of waivers through petitioner's authorized representative. Respondent adds that petitioner never questioned the validity of these waivers in its protest to the PAN and FLD. Respondent insists that the deficiency assessment is correct and reiterated the findings in the FDDA, and that assessments are presumed correct and the burden is on the taxpayer to prove otherwise.

THE COURT'S RULING

The Petition for Review was timely filed.

Section 7(a)(1) and (2) of Republic Act (RA) No. 1125,[40] as amended by RA No. 9282,[41] confers upon this Court exclusive appellate jurisdiction over decisions and inactions of the CIR, to wit:

> SEC. 7. *Jurisdiction.* – **The CTA shall exercise**:
>
> (a) **Exclusive appellate jurisdiction to review by appeal, as herein provided**:
>
> (1) **Decisions of the [CIR] in cases involving disputed assessments**, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue; (*Emphasis supplied*)

Likewise, Section 11 of RA No. 1125, as amended by RA No. 9282, provides the period for filing an appeal before the CTA, *viz.*:

> SEC. 11. *Who May Appeal; Mode of Appeal; Effect of Appeal.* – **Any party adversely affected by a decision, ruling**, or inaction **of the [CIR] ... may file an appeal with the CTA within thirty (30) days after the receipt of such decision or ruling** or after the expiration of the period fixed by law for action as referred to in Section 7(a)(2) herein. (*Emphasis supplied*)

The above provisions are reiterated in Section 3(a)(1)(2), Rule 4,[55] and Section 3(a), Rule 8[56] of the Revised Rules of the Court of Tax Appeals (RRCTA).

Based on the foregoing, the Court has exclusive appellate jurisdiction to review, by appeal, decisions of the CIR, provided that the appeal is filed within 30 days from petitioner's receipt of such decision.

In this case, respondent issued the assailed FDDA on March 30, 2022, which petitioner received on April 4, 2022.[57] Petitioner filed the instant *Petition for Review* on May 4, 2022;[58] within the prescribed 30-day period. Accordingly, the Court finds that the *Petition for Review* was timely filed and that it has jurisdiction over the case.

The government's right to assess has prescribed due to invalid waivers.

The government's right to assess petitioner for deficiency taxes for TY 2014 has prescribed. The waivers executed by petitioner to extend the prescriptive period are **void** because:

(1) They were not shown to have been duly accepted by the BIR before the expiration of the period to assess; and

(2) They were secured by a revenue officer without a valid LOA.

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[55] SEC. 3. *Cases within the jurisdiction of the Court in Divisions.* – The Court in Divisions shall exercise:
(a) Exclusive original or appellate jurisdiction to review by appeal the following:
(1) Decisions of the Commissioner of Internal Revenue in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue.

[56] SEC. 3. *Who may appeal; period to file petition.* – (a) A party adversely affected by a decision, ruling or the inaction of the Commissioner of Internal Revenue on disputed assessments or claims for refund of internal revenue taxes, or by a decision or ruling of the Commissioner of Customs, the Secretary of Finance, the Secretary of Trade and Industry, the Secretary of Agriculture, or a Regional Trial Court in the exercise of its original jurisdiction may appeal to the Court by petition for review filed within thirty days after receipt of a copy of such decision or ruling, or expiration of the period fixed by law for the Commissioner of Internal Revenue to act on the disputed assessments.

[57] BIR Records, pp. 775–783, Exhibits "P-6-18" & "R-15".

[58] *Supra* note 1.

As none of the waivers validly extended the period for assessment, the FLD and Assessment Notices served on July 27, 2020, are time-barred and without legal effect.

1. *The waivers were not duly accepted by the BIR before the assessment period expired.*

Under Section 203 of the NIRC of 1997, as amended, internal revenue taxes must be assessed within three (3) years from the last day prescribed by law for filing the return, or from the actual date of filing, whichever is later:

> SEC. 203. *Period of Limitation Upon Assessment and Collection.* - **Except as provided in Section 222**, internal revenue taxes shall be assessed **within three (3) years after the last day prescribed by law for the filing of the return**, and no proceeding in court without assessment for the collection of such taxes shall be begun after the expiration of such period: Provided, **That in a case where a return is filed beyond the period prescribed by law, the three (3)-year period shall be counted from the day the return was filed**. For purposes of this Section, a return filed before the last day prescribed by law for the filing thereof shall be considered as filed on such last day. (*Emphasis supplied*)

By way of exception, Section 222(b) authorizes the three-year prescriptive period for assessment to be extended by a written agreement between the Commissioner and the taxpayer, executed before the expiration of the original or extended period:

> SEC. 222. *Exceptions as to Period of Limitation of Assessment and Collection of Taxes.* -
>
> ....
>
> (b) If **before the expiration of the time prescribed in Section 203 for the assessment** of the tax, **both the Commissioner and the taxpayer have *agreed* in writing** to its assessment after such time, the tax may be assessed within the period agreed upon. **The period so agreed upon may be extended by subsequent written agreement made before the expiration of the period previously agreed upon**. (*Emphasis supplied*)

To implement Section 222(b), the BIR issued Revenue Memorandum Order (RMO) No. 20-90,[59] which prescribes the proper execution of waivers of the statute of limitations. Among its key requirements are that both the taxpayer and the BIR must sign the waiver, and that the date of acceptance by the BIR must be indicated, with such acceptance made *before* the original or extended prescriptive period lapses:

> 1. The waiver must be in the form identified hereof. ...
>
> 2. The waiver shall be signed by the taxpayer himself or his duly authorized representative. In the case of a corporation, the waiver must be signed by any of its responsible officials.
>
> Soon after the waiver is signed by the taxpayer, **the Commissioner of Internal Revenue or the revenue official authorized by him**, as hereinafter provided, **shall sign the waiver** indicating that the Bureau has accepted and agreed to the waiver. **The date of such acceptance by the Bureau should be indicated. Both the date of execution by the taxpayer and date of acceptance by the Bureau should be *before* the expiration of the period of prescription or before the lapse of the period agreed upon in case a subsequent agreement is executed**. (*Emphasis supplied*)

The Supreme Court, applying Sections 203 and 222(b) of the NIRC of 1997, as amended, along with RMO No. 20-90 and Revenue Delegation Authority Order (RDAO) No. 05-01,[60] has consistently held that a waiver is fatally defective if it does not indicate the date of acceptance by the BIR.

In *Republic of the Philippines v. First Gas Power Corporation (First Gas)*,[61] the Supreme Court, citing its earlier rulings, emphasized that the absence of the date of acceptance by the BIR on a waiver creates uncertainty as to whether the waiver was perfected before the expiration of the prescriptive period:

> The Court agrees with the CTA **that the Waivers are defective because the date of acceptance by petitioner is not indicated therein.**
>
> In the case of *Commissioner of Internal Revenue v. Kudos Metal Corporation*, (*Kudos Metal* case) the Court laid down the requirements for the proper execution of waiver, to wit:

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[59] Proper Execution of Waiver of Statute of Limitations Under the National Internal Revenue Code, April 4, 1990.

[60] Delegation of Authority to Sign and Accept the Waiver of the Defense of Prescription Under the Statute of Limitations, August 2, 2001.

[61] G.R. No. 214933, February 15, 2022.

> Section 222 (b) of the NIRC provides that the period to assess and collect taxes may only be extended upon a written agreement between the CIR and the taxpayer executed before the expiration of the three-year period. RMO 20-90 issued on April 4, 1990 and RDAO 05-01 issued on August 2, 2001 lay down the procedure for the proper execution of the waiver, to wit:
>
> 1. The waiver must be in the proper form prescribed by RMO 20-90. ...
>
> 2. The waiver must be signed by the taxpayer himself or his duly authorized representative. ...
>
> 3. The waiver should be duly notarized.
>
> 4. The CIR or the revenue official authorized by him must sign the waiver **indicating that the BIR has accepted and agreed to the waiver. The date of such acceptance by the BIR should be indicated.** ...
>
> 5. Both the date of execution by the taxpayer **and date of acceptance by the Bureau should be before the expiration of the period of prescription** or before the lapse of the period agreed upon in case a subsequent agreement is executed.
>
> 6. ...

As shown in the foregoing, RMO 20-90 and RDAO 05-01 clearly mandate that the date of acceptance by the BIR should be indicated in the waiver. In the case of *Commissioner of Internal Revenue v. Standard Chartered Bank*, (*Standard Chartered Bank* case) this Court ruled that the provisions of the RMO and RDAO are mandatory and require strict compliance, hence, the failure to comply with any of the requisites renders a waiver defective and ineffectual.

In *Philippine Journalists, Inc. v. Commissioner of Internal Revenue*, this Court discussed the importance of the date of acceptance in a waiver, to wit:

> **The other defect noted in this case is the date of acceptance, which <u>makes it difficult to fix with certainty if the waiver was actually agreed upon before the expiration of the three-year prescriptive period</u>.** ...

In *Commissioner of Internal Revenue v. FMF Development Corporation,* 45 the waiver was likewise found detective, and thus, **did not validly extend the original three-year prescriptive period because it did not contain the date of acceptance by the CIR**. This Court said that this is necessary to determine whether the waiver was validly accepted before the expiration of the original three-year period, thus:

> Applying RMO No. 20-90, the waiver in question here was defective and did not validly extend the original three-year prescriptive period. ... **Lastly, it did not contain the date of acceptance by the Commissioner of Internal Revenue, a requisite necessary to determine whether the waiver was validly accepted before the expiration of the original three-year period.** Bear in mind that the waiver in question is a bilateral agreement, thus necessitating the very signatures of both the Commissioner and the taxpayer to give birth to a valid agreement.

In subsequent cases, this Court has consistently upheld the importance of the date of acceptance in waivers to validly extend the three-year period to assess the deficiency. In *Kudos Metal,* the waivers were also found to be defective for the following reasons:

> ...
>
> **2. The waivers failed to indicate the date of acceptance.**
>
> ...
>
> Due to the defects in the waivers, the period to assess or collect taxes was not extended. Consequently, the assessments were issued by the BIR beyond the three-year period and are void.

In *Commissioner of Internal Revenue v. The Stanley Works Sales (Phils.), Inc.,* this Court nullified the waivers based on the following:

> ...
>
> **(2) Date of acceptance showing that both parties had agreed on the Waiver before the expiration of the prescriptive period; and**
>
> (3) Proof that respondent was furnished a copy of the Waiver. (*Emphasis supplied*)

In the *Standard Chartered Bank* case, this Court also invalidated the waivers because the date of acceptance was not indicated therein, to wit: ...

> Applying the rules and rulings, the waivers in question were defective and did not validly extend the original three-year prescriptive period. As correctly found by the CTA in Division, and affirmed *in toto* by the CTA En Banc, the subject waivers of the Statute of Limitations were in clear violation of RMO No. 20-90:
>
> > **2) The date of acceptance** by the Assistant Commissioner-Large Taxpayers Service Virginia L. Trinidad of the First Waiver **was not indicated therein**;
> >
> > **3) The date of acceptance** by the Assistant Commissioner-Large Taxpayers Service Edwin R. Abella of the Second Waiver **was not indicated therein**;
>
> ...
>
> Similarly in this case, **the failure to indicate the date of acceptance by petitioner in the First Waiver means that the same is defective, and therefore, the original three-year prescriptive period to assess the deficiency income tax of respondent for the taxable year 2000 was never extended**. Consequently, the two (2) subsequent waivers were also invalid because the original period was not extended and had already lapsed on April 16, 2004, and there was no period to extend anymore. (*Emphasis supplied*)

Subsequently, the BIR issued RMO No. 14-2016,[62] which revised the guidelines for executing waivers. It expressly required only two dates to appear on the waiver: (1) the date of execution by the taxpayer, and (2) the expiry date of the period covered by the waiver. While this issuance dispensed with the requirement that the date of acceptance by the BIR be indicated on the face of the waiver, pursuant to RMO No. 20-90 and relevant jurisprudence, it retained the substantive requirement that the waiver must be "*executed and duly accepted prior to the expiration of the period to assess or collect taxes,*" *viz.*:

> III. Guidelines
>
> 1. The waiver may be, but not necessarily, in the form prescribed by RMO No. 20-90 or RDAO No. 05-01. The

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[62] Guidelines for the Execution of Waivers from the Defense of Prescription Pursuant to Section 222 of the National Internal Revenue Code of 1997, as Amended. April 18, 2016.

taxpayer's failure to follow the aforesaid forms does not invalidate the executed waiver, for as long as the following are complied with:

a) The Waiver of the Statute of Limitations under Section 222 (b) and (d) shall be executed *before* the expiration of the period to assess or to collect taxes. The date of execution shall be specifically indicated in the waiver;

b) The waiver shall be signed by the taxpayer himself or his duly authorized representative. In the case of a corporation, the waiver must be signed by any of its responsible officials;

c) The expiry date of the period agreed upon to assess/collect the tax after the regular three-year period of prescription should be indicated.

2. Except for waiver of collection of taxes which shall indicate the particular taxes assessed, the waiver need not specify the particular taxes to be assessed nor the amount thereof, and it may simply state "all internal revenue taxes" ...

3. Since the taxpayer is the applicant and the executor of the extension of the period of limitation for its benefit in order to submit the required documents and accounting records, the taxpayer is charged with the burden of ensuring that the waivers of statute of limitation are validly executed by its authorized representative. The authority of the taxpayer's representative who participated in the conduct of audit or investigation shall not be thereafter contested to invalidate the waiver.

4. The waiver may be notarized. However, it is sufficient that the waiver is in writing as specifically provided by the NIRC, as amended.

5. Considering that the waiver is a voluntary act of the taxpayer, the waiver shall take legal effect and be binding on the taxpayer upon its execution thereof.

6. It shall be the duty of the taxpayer to submit its duly executed waiver to the Commissioner of Internal Revenue or official/s previously designated in existing issuances or the concerned revenue district officer or group supervisor as designated in the Letter of Authority/Memorandum of Assignment who shall then indicate acceptance by signing the same. **Such waiver shall be executed and <u>duly accepted</u> <u>prior to the expiration of the period to assess or to collect</u>**. The taxpayer shall have the duty to retain a copy of the accepted waiver.

7. Note that there shall only be two (2) material dates that need to be present on the waiver:

a) The date of execution of the waiver by the taxpayer or its authorized representative; and

b) The expiry date of the period the taxpayer waives the statute of limitations.

8. Before the expiration of the period set on the previously executed waiver, the period earlier set may be extended by subsequent written waiver made in accordance with this Order. (*Emphasis supplied*)

In *Commissioner of Internal Revenue v. Standard Chartered Bank*,[63] later cited in *First Gas,* the Supreme Court clarified that a waiver under Section 222(b) is a **bilateral agreement**, not an automatic (or unilateral) renunciation of prescription. As such, it requires the signatures of both the CIR (or an authorized representative) and the taxpayer. It likewise requires that the date of acceptance be indicated in the waiver to establish that the agreement was **perfected before the prescription set in**:

In the landmark case of *Philippine Journalists, Inc. v. CIR (PJI case),* we pronounced that a **waiver is not automatically a renunciation of the right to invoke the defense of prescription**. A waiver of the Statute of Limitations is nothing more than "an agreement between the taxpayer and the Bureau of Internal Revenue (BIR) that the period to issue an assessment and collect the taxes due is extended to a date certain." It is a **bilateral agreement**, thus necessitating the very signatures of both the CIR and the taxpayer to give birth to a valid agreement. Furthermore, **indicating in the waiver the date of acceptance by the BIR** is necessary in order to determine whether the parties (the taxpayer and the government) had entered into a waiver "before the expiration of the time prescribed in Section 203 (the three-year prescriptive period) for the assessment of the tax." When the period of prescription has expired, there will be no more need to execute a waiver as there will be nothing more to extend. Hence, no implied consent can be presumed, nor can it be contended that the concurrence to such waiver is a mere formality. (*Emphasis supplied*)

Thus, the Court holds that despite RMO No. 14-2016's express declaration that only the execution and expiry dates are "material" and need to be stated in the waiver, the BIR must still establish the date of its acceptance by an authorized official, **either on the waiver itself or through a separate official**

63 G.R. No. 192173, July 29, 2015 [Per J. Perez, First Division].

document. Without such proof, it cannot be determined whether the waiver, as a written agreement under Section 222(b), was perfected within the allowable period.

In this case, petitioner executed five (5) waivers between February 7, 2017 and August 14, 2019:

Waiver	Execution Date	Extended Period to Assess	Acceptance Date
First[64]	February 7, 2017	December 31, 2017	None
Second[65]	October 5, 2017	June 30, 2018	October 6, 2017
Third[66]	May 23, 2018	December 31, 2018	None
Fourth[67]	December 17, 2018	September 30, 2019	None
Fifth[68]	August 14, 2019	June 30, 2020	None

A review of the waivers reveals that only the Second Waiver bears a handwritten date, "10/6/17," above the name of Teresita M. Angeles, OIC-Assistant Commissioner, Large Taxpayers Service, who signed under the "ACCEPTED BY" portion. This handwritten date may reasonably be considered as the BIR's acceptance of the waiver. In contrast, the First, Third, Fourth, and Fifth Waivers contain no indication of the date of acceptance by the BIR before the expiration of the applicable prescriptive periods. Moreover, respondent failed to present any competent evidence that they were <u>timely</u> accepted.

The absence of a date of acceptance by the BIR on the First Waiver, or of any proof that it was accepted prior to December 31, 2017—the supposed extended deadline for assessment—renders the waiver fatally defective. Without proof of timely acceptance, the First Waiver could not have validly extended the original three-year prescriptive period to assess petitioner for deficiency Income Tax, Value-Added Tax, and Expanded Withholding Tax for TY 2014.

It is noteworthy that the Second to Fifth Waivers were executed to further extend the prescriptive periods until June 30, 2018 (Second Waiver), December 31, 2018 (Third Waiver), September 30, 2019 (Fourth Waiver), and June 30, 2020 (Fifth Waiver). However, since all of them were predicated on the erroneous assumption that the First Waiver had validly extended the original prescriptive period, they too were without effect and did not validly extend the period for assessment.

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64 Exhibit "R-4", BIR Records, p. 179.
65 Exhibit "R-6-6", BIR Records, p. 194.
66 Exhibit "R-6-7", BIR Records, p. 196.
67 Exhibit "R-7", BIR Records, p. 199.
68 Exhibit "R-9", BIR Records, p. 313.

2. *The waivers were obtained by an RO without a valid LOA.*

Even assuming, *arguendo*, that respondent was able to prove that the waivers were duly accepted by the BIR prior to the expiration of the applicable prescriptive periods under Sections 203 and 222(b) of the NIRC of 1997, as amended, the waivers would nonetheless be void, as they were facilitated by RO Ramos at a time when he had no valid LOA.

Jurisprudence is settled that an RO may examine a taxpayer's books of accounts and undertake acts incident to an audit only upon the authority of a valid LOA issued by the CIR or his duly authorized representative. Any audit or investigation conducted without a valid LOA is unauthorized, and any assessment arising therefrom is null and void.[69]

Section 6(A) of the NIRC of 1997, as amended, expressly provides that only the CIR or his duly authorized representative may authorize the examination of taxpayers:

> SEC. 6. *Power of the Commissioner to Make Assessments and Prescribe Additional Requirements for Tax Administration and Enforcement.* –
>
> *(A) Examination of Return and Determination of Tax Due.* After a return has been filed as required under the provisions of this Code, **the Commissioner or his duly authorized representative may authorize the examination of any taxpayer and the assessment of the correct amount of tax,** notwithstanding any law requiring the prior authorization of any government agency or instrumentality: Provided, however, That failure to file a return shall not prevent the Commissioner from authorizing the examination of any taxpayer. (*Emphasis supplied*)

Section 10(c) further empowers only the Regional Director to issue LOAs, while Section 13 requires that an RO may examine a taxpayer only pursuant to an LOA issued by the Regional Director:

> SEC.. 10. *Revenue Regional Director.* - Under rules and regulations, policies and standards formulated by the Commissioner, with the approval of the Secretary of Finance,

[69] *Republic of the Philippines v. Robiegie Corporation*, G.R. No. 260261, October 3, 2022 [Per J. Gaerlan, Third Division].

> **the Revenue Regional director shall, within the region and district offices under his jurisdiction**, among others:
>
> ....
>
> (c) **Issue Letters of authority for the examination of taxpayers within the region**; (*Emphasis supplied*)
>
> SEC. 13. *Authority of a Revenue Officer.* - Subject to the rules and regulations to be prescribed by the Secretary of Finance, upon recommendation of the Commissioner, **a Revenue Officer assigned to perform assessment functions in any district may, pursuant to a Letter of Authority issued by the Revenue Regional Director, examine taxpayers within the jurisdiction of the district** in order to collect the correct amount of tax, **or to recommend the assessment of any deficiency tax due** in the same manner that the said acts could have been performed by the Revenue Regional Director himself. (*Emphasis supplied*)

Section D(4) of RMO No. 43-90[70] confines the authority to issue and sign LOAs to the CIR, the Deputy Commissioners, and the Regional Directors, unless another official is specifically authorized by the CIR:

> D. Preparation and issuance of L/As.
>
> ....
>
> 4. For the proper monitoring and coordination of the issuance of Letter of Authority, **the only BIR officials authorized to issue and sign Letters of Authority are the Regional Directors, the Deputy Commissioners and the Commissioner**. For the exigencies of the service, other officials may be authorized to issue and sign Letters of Authority but only upon prior authorization by the Commissioner himself. (*Emphasis supplied*)

As the Supreme Court stressed in *Commissioner of Internal Revenue v. McDonald's Philippines Realty Corp.*[71] (*McDonald's*):

> **Unless authorized by the CIR himself or by his duly authorized representative, an examination of the taxpayer cannot be undertaken**. Unless undertaken by the CIR himself or his duly authorized representatives, other tax agents may not validly conduct any of these kinds of examinations without prior authority. **There must be a grant**

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[70] Amendment of Revenue Memorandum Order No. 37-90 Prescribing Revised Policy Guidelines for Examination of Returns and Issuance of Letters of Authority to Audit, September 20, 1990.

[71] G.R. No. 242670, May 10, 2021 [Per J. J.Y. Lopez, Third Division].

> **of authority, in the form of a LOA, before any revenue officer can conduct an examination or assessment.** The revenue officer so authorized must not go beyond the authority given. **In the absence of such an authority, the assessment or examination is a nullity**. (*Emphasis supplied*)

The Supreme Court further emphasized in *McDonald's* that an LOA is a **special authority** granted to a *particular* RO and cannot be supplanted by an MOA or any equivalent document, because such substitution unlawfully usurps the statutory power of the CIR or his duly authorized representative:

> The petitioner wants the Court to believe that once an LOA has been issued in the names of certain revenue officers, a subordinate official of the BIR can then, through a mere memorandum of assignment, referral memorandum, or such equivalent document, rotate the work assignments of revenue officers who may then act under the general authority of a validly issued LOA. But **an LOA is not a general authority to any revenue officer. <u>It is a special authority granted to a particular revenue officer</u>.**
>
> **The practice of reassigning or transferring revenue officers, who are the original authorized officers named in the LOA, and subsequently substituting them with new revenue officers who do not have a separate LOA issued in their name, is in effect a usurpation of the statutory power of the CIR or his [or her] duly authorized representative**. The memorandum of assignment, referral memorandum, or such other equivalent internal document of the BIR directing the reassignment or transfer of revenue officers, is typically signed by the revenue district officer or other subordinate official, and not signed or issued by the CIR or his [or her] duly authorized representative under Sections 6, 10(c)[,] and 13 of the NIRC. Hence, **the issuance of such memorandum of assignment, and its subsequent use as a proof of authority to continue the audit or investigation, is in effect supplanting the functions of the LOA, since it seeks to exercise a power that belongs exclusively to the CIR himself or his duly authorized representatives**. (*Emphasis supplied*)

Thus, the practice of reassigning revenue officers named in an LOA and substituting them with others without issuing a separate or amended LOA (i) violates the taxpayer's right to due process, (ii) usurps the statutory power of the CIR or his duly authorized representative to authorize the examination of a taxpayer; and (iii) does not comply with existing BIR rules and regulations, particularly RMO No. 43-90 dated September 20, 1990.[72]

Clearly, an LOA is a specific delegation of the CIR's authority to an RO to examine a taxpayer. Without a valid LOA, an RO is not legally empowered to conduct **any examination**, nor to facilitate the preparation, execution, submission, and acceptance of a waiver intended to extend the prescriptive period to assess taxes.

In this case, the First LOA dated December 9, 2015, authorized ROs Sevilla, Urbano, and GS Dajao to audit petitioner for TY 2014. However, on **April 20, 2016**, the audit was reassigned to RO Ramos and GS Sese through an MOA signed only by the Chief of LTD Makati, Mr. Edralin M. Silario. No new LOA was issued at that time. It was only on **April 24, 2019,** that a Second LOA authorizing RO Ramos to audit petitioner for TY 2014 was issued and served.

Thus, from **April 20, 2016 to April 24, 2019**, RO Ramos had no valid LOA, and his supposed authority to examine petitioner for TY 2014 was based solely on the MOA,[73] which, as clarified in *McDonald's*, is not a substitute for an LOA.

As previously discussed, petitioner executed five (5) waivers in connection with the BIR audit for TY 2014:

Waiver	Execution Date	Extended Period to Assess
First	February 7, 2017	December 31, 2017
Second	October 5, 2017	June 30, 2018
Third	May 23, 2018	December 31, 2018
Fourth	December 17, 2018	September 30, 2019
Fifth	August 14, 2019	June 30, 2020

[72] *Id.*

[73] Transcript of Stenographic Notes (TSN) dated August 15, 2024, pp. 10–11.
ATTY. CUCUECO:
Q. ... Mr. Witness, would you agree with me that from April 20, 2016 to April 24, 2019 or a period of a little more than three years, your authority to conduct the audit was through a Memorandum of Assignment?
MR. RAMOS:
A. Yes.
ATTY. CUCUECO:
Q. Mr. Witness, in Question 18 & Question 20 of your Affidavit, you mentioned the various Waivers who [sic] executed by Medicard and these were dated February (interrupted)
JUSTICE DEL ROSARIO:
No need to repeat what is stated in the Judicial Affidavit. Go direct to the point.
ATTY. CUCUECO:
Q: Would you agree with me that these four Affidavits were executed within the same three-year period that you were authorized by a Memorandum of Assignment?
MR. RAMOS:
A. Yes.

A review of the waivers reveals that the name and signature of RO Arthur C. Ramos appear on all five (5) waivers. Petitioner's witness, Mr. John Anthony P. Ramos, confirmed that it was RO Ramos who facilitated the preparation, execution, and submission of the waivers.[74] However, the First to Fourth Waivers were executed at a time when RO Ramos had no valid LOA. Since they were carried out by an officer without authority, they could not have validly extended either the original prescriptive periods or the supposed extended periods stated in the waivers. Lacking such authority, he could not lawfully secure the waivers or facilitate their submission and acceptance by the BIR, thereby rendering them fatally defective and without legal effect.

The Fifth Waiver, though executed after the issuance of the Second LOA, is likewise void, as it was based on prescriptive periods that had never been validly extended in the first place.

Conclusion:

All told, the five (5) waivers executed by petitioner are void. The First, Third, Fourth, and Fifth Waivers were not shown to have been duly accepted by the BIR before the expiration of the applicable prescriptive periods. Additionally, the First to Fourth Waivers were secured by an RO who lacked a valid LOA at the time of their execution. On either ground, none of the waivers effectively extended the prescriptive period.

Consequently, the original three-year prescriptive period under Section 203 of the NIRC of 1997, as amended, applies. Reckoned from the statutory deadlines or the actual filing dates, whichever is later,[75] the prescriptive periods lapsed as follows:

Income Tax (BIR Form No. 1702-RT)

Tax Period	Deadline for Filing	Actual Filing Date	The 3-year prescriptive period lapsed on
2014	April 15, 2015	April 30, 2015[76]	April 30, 2018

[74] TSN dated April 12, 2023, pp. 10–18.
[75] Pursuant to Section 203 of the NIRC of 1997, as amended.
[76] BIR Records, pp. 161–171.

Value-Added Tax (BIR Form No. 2550-Q)

Tax Period	Deadline for Filing	Actual Filing Date	The 3-year prescriptive period lapsed on
1st quarter	April 25, 2014	April 21, 2014[77]	April 25, 2017
2nd quarter	July 25, 2014	July 23, 2014[78]	July 25, 2017
3rd quarter	October 25, 2014	October 20, 2014[79]	October 25, 2017
4th quarter	January 26, 2015[80]	January 26, 2015[81]	January 26, 2018

Expanded Withholding Tax (BIR Form No. 1601-E)

Tax Period	Deadline for Filing[82]	Actual Filing Date	The 3-year prescriptive period lapsed on
January 2014	February 11, 2014	February 11, 2014[83]	February 11, 2017
February 2014	March 11, 2014	March 11, 2014[84]	March 11, 2017
March 2014	April 11, 2014	April 10, 2014[85]	April 11, 2017
April 2014	May 12, 2014[86]	May 12, 2014[87]	May 12, 2017
May 2014	June 11, 2014	June 10, 2014[88]	June 11, 2017
June 2014	July 11, 2014	July 8, 2014[89]	July 11, 2017
July 2014	August 11, 2014	August 11, 2014[90]	August 11, 2017
August 2014	September 11, 2014	September 9, 2014[91]	September 11, 2017
September 2014	October 11, 2014	October 10, 2014[92]	October 11, 2017

77 *Id.* at 88–89.
78 *Id.* at 86-87.
79 *Id.* at 84-85.
80 January 25, 2015 fell on a Sunday, moving the deadline to the next working day, January 26, 2015.
81 *Id.* at 82-83.
82 Petitioner's EWT returns were filed under the Electronic Filing and Payment System (EFPS) and pursuant to Revenue Regulations (RR) No. 26-2002, which amended Section 7 of RR Nos. 9-2001, as amended by RR 2-2002 and RR 9-2002, providing for the staggered filing of returns of taxpayers enrolled in the EFPS based on industry classification, Group E taxpayers are required to file their monthly withholding tax returns eleven (11) days following the end of the month.
83 BIR Records, p. 63.
84 *Id.* at 62.
85 *Id.* at 61.
86 May 11, 2014 fell on a Sunday, moving the deadline to the next working day, May 12, 2014.
87 BIR Records, p. 60.
88 *Id.* at 59.
89 *Id.* at 58.
90 *Id.* at 57.
91 *Id.* at 56.
92 *Id.* at 55.

October 2014	November 11, 2014	November 11, 2014[93]	November 11, 2017
November 2014	December 11, 2014	December 10, 2014[94]	December 11, 2017
December 2014	January 11, 2015	January 20, 2015[95]	January 20, 2018

By the time the undated FLD and Assessment Notices were served on July 27, 2020, the government's right to assess petitioner for deficiency Income Tax, Value-Added Tax, and Expanded Withholding Tax for TY 2014 had already prescribed, rendering the assessments void.

The Supreme Court has consistently held that the law on prescription must be interpreted in favor of taxpayers, as a safeguard against prolonged uncertainty and potential abuse by tax authorities. In *Commissioner of Internal Revenue v. FMF Development Corporation*,[96] the Supreme Court explained:

> [T]he law on prescription should be interpreted in a way conducive to bringing about the beneficent purpose of affording protection to the taxpayer within the contemplation of the Commission which recommended the approval of the law. To the Government, its tax officers are obliged to act promptly in the making of assessment so that taxpayers, after the lapse of the period of prescription, would have a feeling of security against unscrupulous tax agents who will always try to find an excuse to inspect the books of taxpayers, not to determine the latter's real liability, but to take advantage of a possible opportunity to harass even law-abiding businessmen. Without such legal defense, taxpayers would be open season to harassment by unscrupulous tax agents.

In light of the foregoing, the other issues raised by the parties are rendered moot and academic and need not be further addressed by the Court.

WHEREFORE, premises considered, the instant *Petition for Review* filed by petitioner Medicard Philippines, Inc. is hereby **GRANTED**.

Accordingly, the undated Formal Letter of Demand and the corresponding Assessment Notices served upon petitioner on July 27, 2020, are hereby **CANCELLED and SET ASIDE**.

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93 *Id.* at 54.
94 *Id.* at 52.
95 *Id.* at 51.
96 G.R. No. 167765, June 30, 2008 [Per J. Quisumbing, Second Division].

Likewise, the Final Decision on Disputed Assessment dated March 30, 2022, which assessed petitioner for deficiency Income Tax, Value-Added Tax, and Expanded Withholding Tax in the aggregate amount of ₱1,593,040,682.23, inclusive of interest and penalties, for taxable year 2014, is hereby **REVERSED** and **SET ASIDE**.

Respondent Commissioner of Internal Revenue, or any person acting on his behalf, is hereby **ENJOINED** and **PROHIBITED** from instituting, pursuing, or otherwise taking any action for the collection of the foregoing void assessments.

SO ORDERED.

LANEE S. CUI-DAVID
Associate Justice

I CONCUR:

(With Separate Opinion)
JEAN MARIE A. BACORRO-VILLENA
Associate Justice

ATTESTATION

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

JEAN MARIE A. BACORRO-VILLENA
Associate Justice
Acting Chairperson

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, and the First Division Acting Chairperson's Attestation, it is hereby certified that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

MA. BELEN M. RINGPIS-LIBAN
Acting Presiding Justice

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
Quezon City

FIRST DIVISION

MEDICARD PHILIPPINES, INC., Petitioner,	**CTA Case No. 10853**
	Present:
- versus -	**BACORRO-VILLENA,** *Acting Chairperson, and* **CUI-DAVID,**
COMMISSIONER OF INTERNAL REVENUE, Respondent.	Promulgated: OCT 28 2025 12:50PM

x - x

SEPARATE OPINION

BACORRO-VILLENA, J.:

With due respect to my esteemed colleague, Associate Justice Lanee S. Cui-David, I forward a different view from the *ponencia*'s pronouncement that the waivers in herein case are invalid due to: (1) the absence of a date of acceptance; and (2) they were executed by a revenue officer (**RO**) who is not authorized by a Letter of Authority (**LOA**) to investigate petitioner Medicard Philippines, Inc.'s (**petitioner**'s) books for the period of 01 January 2014 to 31 December 204, or taxable year (**TY**) 2014.

For the first issue, the *ponencia* declares that in determining the validity of the waivers, a date of acceptance is still required either on the waiver itself or through a separate official document. Citing Revenue Memorandum Order (**RMO**) No. 14-2016[1], it explains that while the date of acceptance was dispensed, the same retained the substantive requirement that the waiver must duly executed and duly accepted prior to the expiration of the period to assess of collect taxes.

I, respectfully, disagree.

[1] Guidelines for the Execution of Waivers from the Defense of Prescription Pursuant to Section 222 of the National Internal Revenue Code of 1997, as Amended.

The subject waivers were executed on 07 February 2017[2], 05 October 2017[3], 23 May 2018[4], 17 December 2018[5] and 14 August 2019[6], respectively. The applicable and prevailing issuance on these dates is RMO No. 014-2016 which provides –

> ...
> III. Guidelines
> ...
>
> 6. It shall be the duty of the taxpayer to **submit its duly executed waiver to the Commissioner of Internal Revenue or official/s previously designated in existing issuances or the concerned revenue district officer or group supervisor as designated in the Letter of Authority/Memorandum of Assignment who shall then indicate acceptance by signing the same.** Such waiver shall be executed and duly accepted prior to the expiration of the period to assess or to collect. **The taxpayer shall have the duty to retain a copy of the accepted waiver.**
>
> 7. Note that there shall only be **two (2) material dates that need to be present on the waiver**:
>
>   a) **The date of execution of the waiver by the taxpayer or its authorized representative**; and
>
>   b) **The expiry date of the period the taxpayer waives the statute of limitations.**[7]
>
> ...

It is noted that while RMO No. 014-2016 no longer deems the date of acceptance material, the specific dispensation thereof as a material date in the execution of a waiver does not deviate from the requirements of the substantive law, *i.e.*, Section 222(b) of the National Internal Revenue Code (**NIRC**) of 1997, as amended, that reads –

> ...
> **SEC. 222.** *Exceptions as to Period of Limitation of Assessment and Collection of Taxes.* —
> ...
>
> (b) If before the expiration of the time prescribed in Section 203 for the assessment of the tax, both the Commissioner and the taxpayer have agreed in writing to its assessment after such time, the tax may be assessed within the period agreed upon. The period so agreed upon may be extended by

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[2] Exhibit "R-4", BIR Records, p. 179.
[3] Exhibit "R-5", id., p. 195.
[4] Exhibit "R-6", id., p. 197.
[5] Exhibit "R-7", id., p. 199.
[6] Exhibit "R-9", id., p. 313.
[7] Emphasis supplied.

> subsequent written agreement made before the expiration of the period previously agreed upon.
>
> ...

The meeting of the minds of the parties herein inescapably is present in the subject waivers as both have assented and signed the same. They have thus agreed to extend (in writing) the periods of assessment.

To also evidence that the parties had so agreed to extend the period of assessment *prior* to the expiration thereof (for the first, third, fourth and fifth waivers wherein the *ponente* questions the absence of a date of acceptance), the records will yield that **petitioner's authorized representatives were able to receive a copy of the signed waivers before the expiration of the extended period previously agreed upon by the parties**. A summary is provided below for all the executed waivers:

Waiver (Execution Date)	Receipt Date of the signed or executed waiver	Agreed extended Period to Assess	Petitioner's authorized representative
First (07 February 2017)	**17 February 2017**	**31 December 2017**	Kevin Olymar Briones
Second (05 October 2017)	**20 November 2017**	**30 June 2018**	Sherwin B. Salvador
Third (23 May 2018)	**01 June 2018**	**31 December 2018**	Sherwin B. Salvador
Fourth (17 December 2018)	**20 December 2018**	**30 September 2019**	Sherwin B. Salvador
Fifth (14 August 2019)	**16 August 2019**	**30 June 2020**	Gwin Paul Tolentino

From the foregoing, it is clear that the waivers were duly executed (by the parties), accepted (by Commissioner of the Internal Revenue [**CIR**] or the authorized representatives) and received (by petitioner's authorized representative) ***prior* to the extended period previously agreed by parties in the immediately preceding waiver**.

Moreover, Revenue Memorandum Circular (**RMC**) No. 141-2019[8] reiterated the salient points of RMC No. 014-2016, to wit:

> ...
>
> 7. **The date of acceptance by the BIR Officer is no longer required to be indicated for the Waiver's validity.**
> 8. **The taxpayer shall have the duty to retain a copy of the submitted Waiver.**
>
> ...

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8 Reiterating the Salient Points Arising from RMO No. 14-16 on the Proper Execution of Waivers of the Defense of Prescription and Providing an Illustration of the Basic Requirements Thereof.

10. The taxpayer is charged with the burden of ensuring that his Waiver is validly executed when submitted to the BIR. **Thus, the taxpayer must ensure that his Waiver:**

    a. Is executed before the expiration of the period to assess or to collect taxes.

    b. Indicates the expiry date of the extended period.

    c. Indicates the type of tax (for waiver of the prescriptive period to collect).

    d. Is signed by his authorized representative.[9]

...

From the above disquisition, it appears that the date of acceptance is a mere superfluity considering that there is another credible proof to show that the waiver is executed prior to the expiration of the prescriptive period.

For the second issue, I also do not agree that the subject waivers are invalid on the reason that they were executed by an RO who is not authorized by an LOA.

Based on the *ponencia*, the waivers (particularly the first, second, third and fourth) were deemed invalid since they were facilitated by RO Arthur C. Ramos (**Ramos**) who was not authorized by an LOA during the period when the waivers were executed.

It is observed that LOA No. AUDM35/005582/2015 (eLA201200042139)[10] authorized RO Belen Sevilla (**Sevilla**), RO Sarah Urbano (**Urbano**) and Group Supervisor Ma. Daisy Dajao (**GS Dajao**) to audit petitioner's books for TY 2014. While it is true that the first, second, third and fourth waivers were signed by RO Ramos, an RO who is not named in the LOA, it also did not escape my attention that the said waivers were also signed by a BIR officer who has a delegated authority to sign and accept the waivers pursuant to Revenue Delegation Authority Order (**RDAO**) No. 05-01.[11] The relevant parts of RDAO No. 05-01 provides –

...

I. Revenue Officials Authorized to Sign the Waiver

The following revenue officials are authorized to sign and accept the Waiver of the Defense of Prescription Under the Statute of Limitations

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9 Emphasis supplied.
10 BIR Records, p. 1
11 Delegation of Authority to Sign and Accept the Waiver of the Defense of Prescription Under the Statute of Limitations.

(Annex A) prescribed in Sections 203, 222 and other related provisions of the National Internal Revenue Code of 1997:

A. For National Office cases

Designated Revenue Official

1.	Assistant Commissioner (ACIR), Enforcement Service	— For tax fraud and policy cases
2.	**ACIR, Large Taxpayers Service**	**— For large taxpayers cases other than those cases falling under Subsection B hereof**
3.	ACIR, Legal Service	— For cases pending verification and awaiting resolution of certain legal issues prior to prescription and for issuance/compliance of Subpoena Duces Tecum
4.	ACIR, Assessment Service (AS)	— For cases which are pending in or subject to review or approval by the ACIR, AS
5.	ACIR, Collection Service	For cases pending action in the Collection Service

B. For cases in the Large Taxpayers District Office (LTDO)

The Chief of the LTDO shall sign and accept the waiver for cases pending investigation/action in his possession.

...

Based on the LOA, the assessment came from the Large Taxpayers Service (**LTS**) Division of Makati. Subsequently, the investigation was transferred to Regular Large Taxpayer Audit Division III (**RLTAD III**) pursuant to Memorandum dated 21 February 2017.[12]

An examination of the waivers reveals that Teresita M. Angeles (**Angeles**), then Officer-in-Charge-Assistant CIR (**OIC-ACIR**) of the LTS signed and accepted the first and second waivers; while Greg M. Buhain (**Buhain**), then Division Chief of RLTAD III, signed the third and fourth waivers.

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[12] BIR Records, pp. 181-182.

Although the four (4) subject waivers were signed by RO Ramos, nonetheless, **they were accepted by the ACIR of LTS and Division Chief of RLTAD III, or persons who are indubitably authorized to sign and accept waivers pursuant to RDAO No. 05-01**. To my mind, the authority of the RO or GS will only have a bearing if they signed and accepted the waivers on BIR's behalf. However, such is not the case here.

If we look at the subject waivers, it can be clearly seen that RO Ramos's signature is not even indicated under the acceptance part. As compared to the signatures of OIC-ACIR Angeles and Division Chief (of RLTAD III) Buhain, these pertained to CIR's conformity and consent to the execution waivers. The fours waivers are presented this way –

First Waiver		
	sgd. MARK VINCENT Y. BORJA	sgd. ARTHUR C. RAMOS
ACCEPTED BY: Commissioner of Internal Revenue By: sgd. **TERESITA M. ANGELES** OIC-Assistant Commissioner Large Taxpayers Service		

Second Waiver		
	sgd. MARK VINCENT Y. BORJA	sgd. ARTHUR C. RAMOS
ACCEPTED BY: Commissioner of Internal Revenue By: sgd. **TERESITA M. ANGELES** OIC-Assistant Commissioner Large Taxpayers Service		

Third Waiver		
	sgd. MARK VINCENT Y. BORJA	sgd. ARTHUR C. RAMOS
ACCEPTED BY: Commissioner of Internal Revenue By: sgd. **GREG M. BUHAIN** Division Chief RLTAD III		

Fourth Waiver		
	sgd. MARK VINCENT Y. BORJA	sgd. ARTHUR C. RAMOS
ACCEPTED BY: Commissioner of Internal Revenue By: sgd. **GREG M. BUHAIN** Division Chief RLTAD III		

As compared to the fifth waiver, it was GS Teodore L. Maroket (**Maroket**) who accepted and sign the waiver on CIR's behalf, as shown below –

Fifth Waiver		
	sgd. Witness	sgd. ARTHUR C. RAMOS
ACCEPTED BY: Commissioner of Internal Revenue By: sgd. **TEODORE L. MAROKET** Group Supervisor RLTAD III		

From the above, it could only be concluded that the signatures of OIC-ACIR Angeles and Division Chief (of RLTAD III) Buhain represent CIR's acceptance and assent to the waivers. Thus, contrary to the *ponencia's* findings, the four (4) waivers were validly executed and had extended the period of assessment.

Nevertheless, despite the above findings, it is discerned that the subject assessments are void for want of authority of the RO who conducted the audit of petitioner's books for TY 2014.

On 24 April 2019, BIR issued another LOA (LOA-126-2019-00000008 /eLA201600056813)[13] which authorized a new set of officers, specifically RO Ramos and GS Maroket, to investigate petitioner's books. However, the Memorandum dated 18 May 2020[14] which recommended the issuance of the Final Assessment Notice (**FAN**), was prepared and submitted by RO Jeimnalyn M. Bueno (**Bueno**) and Ramos (who is designated as the GS).

In *Medicard Philippines, Inc. v. Commissioner of Internal Revenue*[15], the Supreme Court underscored the importance of an LOA, *viz*:

> ...
>
> **An LOA is the authority given to the appropriate revenue officer assigned to perform assessment functions. It empowers or enables said revenue officer to examine the books of account and other accounting records of a taxpayer for the purpose of collecting the correct amount of tax. An LOA is premised on the fact that the examination of a taxpayer who has already filed his tax returns is a power that statutorily belongs only to the CIR himself or his duly authorized representatives. ...**
>
> ...
>
> Based on the afore-quoted provision, it is clear that unless authorized by the CIR himself or by his duly authorized representative, through an LOA, an examination of the taxpayer cannot ordinarily be undertaken. The circumstances contemplated under Section 6 where the taxpayer may be assessed through best-evidence obtainable, inventory-taking, or surveillance among others has nothing to do with the LOA. These are simply methods of examining the taxpayer in order to arrive at the correct amount of taxes. **Hence, unless undertaken by the CIR himself or his duly authorized representatives, other tax agents may not validly conduct any of these kinds of examinations without prior authority.**
>
> ...

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13 BIR Records, p. 263.
14 Id., pp. 452-455.
15 G.R. No. 222743, 05 April 2017; Citation omitted and emphasis supplied.

> ... To begin with, Section 6 of the NIRC requires an authority from the CIR or from his duly authorized representatives before an examination "of a taxpayer" may be made.
>
> ...

The Supreme Court, citing the case of *Commissioner of Internal Revenue v. Sony Philippines, Inc.*[16], went on to state:

> ...
>
> Clearly, there must be a grant of authority before any revenue officer can conduct an examination or assessment. Equally important is that the revenue officer so authorized must not go beyond the authority given. **<u>In the absence of such an authority, the assessment or examination is a nullity.</u>**
>
> ...

Further, the Supreme Court in *Commissioner of Internal Revenue v. McDonald's Philippines Realty Corp.*[17] concluded that:

> ...
>
> In summary, **We rule that the <u>practice of reassigning or transferring revenue officers originally named in the LOA</u> and substituting them with new revenue officers to continue the audit or investigation without a separate or amended LOA <u>(i) violates the taxpayer's right to due process in tax audit or investigation</u>; <u>(ii) usurps the statutory power of the CIR or his duly authorized representative to grant the power to examine the books of account of a taxpayer</u>; and <u>(iii) does not comply with existing BIR rules and regulations, particularly RMO No. 43-90 dated September 20, 1990</u>**.
>
> ...

From the foregoing, RO Bueno could not be deemed to have been validly clothed with the proper authority to continue the audit and recommend the issuance of the assessments against petitioner. Considering the absence of a new and valid LOA authorizing the said officer to examine petitioner's books of accounts and other accounting records, the deficiency tax assessments issued are inescapably void.

All told, I vote to **GRANT** the Petition for Review albeit on the ground that the subject assessments are void for lack of authority of the RO who continued the investigation of petitioner's books for TY 2014.

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

[16] G.R. No. 178697, 17 November 2010; Emphasis and underscoring supplied.
[17] G.R. No. 242670, 10 May 2021; Emphasis and underscoring supplied.