REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

En Banc

COMMISSIONER OF INTERNAL REVENUE, *Petitioner,*	**CTA *EB* NO. 2044** *(CTA Case No. 9167)*
	Present:
-versus-	**DEL ROSARIO, P.J., CASTAÑEDA, JR., UY, RINGPIS-LIBAN, MANAHAN, BACORRO-VILLENA,** *and* **MODESTO-SAN PEDRO,** *JJ.*
MSEI CORPORATION, *Respondent.*	Promulgated: **OCT 29 2020** 3:55 p.m.

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DECISION

MODESTO-SAN PEDRO, J.:

The Case

This is a Petition for Review[1] under ***Section 3(b), Rule 8 of the Revised Rules of the Court of Tax Appeals ("RRCTA")***,[2] asking the Court *En Banc* to reverse and set aside the Decision, promulgated on 17 December 2018, and Resolution, dated 15 March 2019, of the Special Third Division ("Court in Division"); to render new judgment denying respondent's original Petition for Review for lack of merit; and to order respondent to pay the total amount of ₱1,175,855.77 representing its alleged deficiency income tax and value-added tax ("VAT"), plus interests and surcharge, for taxable year 2009.

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[1] Petition for Review; *Rollo,* pp. 7-51, with annexes.
[2] A.M. No. 05-11-07-CTA, 22 November 2005.

The Parties

Petitioner Commissioner of Internal Revenue ("CIR") is the duly appointed Commissioner of the Bureau of Internal Revenue ("BIR") who has the power to decide disputed assessments, refunds of internal revenue taxes, fees, other charges or penalties imposed in relation thereto, or other matters arising under the National Internal Revenue Code (hereinafter referred to as the "Tax Code"), other laws, or portions thereof administered by the BIR. He holds office at the BIR National Office Building, Agham Road, Diliman, Quezon City.

Respondent MSEI Corporation is a corporation engaged in the business of trading goods such as electrical equipment/individual filters on wholesale or retail basis. Its principal office address is at Governor Drive, Brgy. Mabuhay, Carmona, Cavite.

The Facts

On 1 September 2011, respondent received Letter Notice ("LN") No. 54A-RLF-09-03-00042, dated 8 August 2011, issued by former CIR Kim S. Jacinto-Henares. In the LN, petitioner alleged that, as per the BIR's computerized matching, it was able to note certain discrepancies between the income tax and VAT returns of the respondent for taxable year 2009 vis-à-vis its third-party sources.[3]

Thereafter, respondent received another letter from petitioner, dated 17 August 2011, inviting it for a dialogue concerning the LN.[4]

In reply, respondent sent a letter, dated 13 September 2011, explaining that the entity mentioned in the LN, specifically, Emerald Garments Manufacturing Corporation, is not its client.[5]

After which, respondent received a follow-up letter, dated 21 September 2011, from Revenue District Officer ("RDO") Honorata S. Aguilar. In response, respondent sent a letter dated 18 October 2011.[6]

On 6 March 2012, respondent received a Notice for Informal Conference, dated 22 February 2012, from RDO Honorata S. Aguilar. This prompted respondent to send another letter, dated 8 March 2012, explaining that the alleged deficiencies noted in the LN were caused by false transactions made by some clients who are not familiar with its normal sales transactions.[7]

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[3] Decision, *Rollo*, pp. 29-48.
[4] *Ibid.*
[5] *Ibid.*
[6] *Ibid.*
[7] *Ibid.*

Subsequently, respondent received the Preliminary Assessment Notice ("PAN"), dated 16 May 2014, with Details of Discrepancies, assessing it for alleged deficiency taxes for taxable year 2009.[8]

Likewise, on 25 July 2014, respondent received the Formal Letter of Demand ("FLD"), dated 27 June 2014, with Details of Discrepancies and Final Assessment Notice ("FAN") issued by Revenue Region No. 9-Regional Director Jose N. Tan assessing it for alleged deficiency income tax and VAT, including surcharge and interests, in the total amount of ₱1,175,855.77 for taxable year 2009.[9]

Aggrieved, respondent sent a Letter of Dispute, dated 30 July 2014, stating that it is not amenable to the conclusion reached in the FLD.[10]

Replying to the Letter of Dispute, Regional Director Jose N. Tan sent a letter, dated 25 September 2014, which was received by respondent on 9 October 2014, requiring it to file a protest stating the supporting facts, applicable laws, rules and regulations, or jurisprudence that it relied upon in contesting the assessments.[11]

Respondent, through its President and CEO, Mr. Tagumpay L. Marasigan, sent Protest Letter (LN #54A-RLF-09-03-00042), dated 20 October 2014, (hereinafter referred to as "Protest Letter") to the Regional Director of Revenue Region No. 9. Thereafter, the BIR informed respondent that its Protest Letter, together with the docket/records of its case, were forwarded to Revenue District Office No. 54-A, Trece Martirez City for further evaluation.[12]

On 9 September 2015, respondent received the Final Decision on Disputed Assessment ("FDDA") dated 18 August 2015. This prompted respondent to file the original Petition for Review on 9 October 2015.[13]

On 17 December 2018, the Court in Division promulgated the assailed Decision[14] granting the original Petition for Review. The dispositive portion is hereby quoted, to wit:

> "**WHEREFORE,** premises considered, the Petition for Review is **GRANTED.** Accordingly, the assessment notices and the Final Decision on Disputed Assessment that found petitioner liable for alleged deficiency income tax and value-added tax in the aggregate amount of ₱1,175,855.77 for calendar year 2009 are **CANCELLED.**

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[8] *Ibid.*
[9] *Ibid.*
[10] *Ibid.*
[11] *Ibid.*
[12] *Ibid.*
[13] *Ibid.*
[14] *Ibid.*

SO ORDERED."

In granting the original Petition for Review, the Court in Division found that there was no Letter of Authority ("LOA") issued authorizing the audit examination of respondent, and that the revenue officers who conducted the same merely relied on the LN. Hence, the Court in Division held that the audit examination was conducted without authority and found the resulting assessment void.

On 25 January 2019, petitioner filed his Motion for Reconsideration Re: Decision dated 17 December 2018. Respondent filed its Comment & Opposition (Re Respondent's "Motion for Reconsideration," dated January 24, 2019) on 26 February 2019.[15]

On 15 March 2019, the Court in Division issued the assailed Resolution denying petitioner's Motion for Reconsideration for lack of merit.[16] Petitioner received its copy of the assailed Resolution on 20 March 2019.

On 3 April 2019, petitioner filed a Motion for Extension of Time to File Petition for Review asking the Court *En Banc* to grant it an additional period of fifteen (15) days or until 19 April 2019 to file his Petition for Review.[17] The Court *En Banc* granted the petitioner's Motion.[18]

Considering that 19 April 2019 fell on a holiday, petitioner filed the instant Petition for Review on 22 April 2019.[19] Respondent filed its Comment & Opposition (Re: Petitioner CIR's "Petition for Review") on 20 June 2019.[20]

On 1 July 2019, the Court *En Banc* referred the case for mediation pursuant to Section II of the Interim Guidelines for Implementing Mediation in the Court of Tax Appeals.[21]

Considering the decision of the parties not to mediate,[22] the Court *En Banc* issued a Resolution, dated 27 August 2019, directing the parties to file their respective memoranda.[23]

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[15] Resolution, *Rollo*, pp. 49-51.
[16] *Ibid.*
[17] Motion for Extension of Time to File Petition for Review, *Rollo*, pp. 1-5.
[18] Minute Resolution; *Rollo*, p. 6.
[19] Petition for Review; *Rollo*, pp. 7-28, with annexes.
[20] Comment & Opposition (Re: Petitioner CIR's "Petition for Review"), *Rollo*, pp. 55-62.
[21] Resolution, *Rollo*, pp. 64-65.
[22] No Agreement to Mediate, *Rollo*, p. 66.
[23] Resolution, *Rollo*, pp. 68-69.

Respondent filed its "Memorandum for the Respondent" on 10 September 2019.[24] Meanwhile, petitioner filed his Memorandum on 29 October 2019[25] which was well within the extended period granted by the Court *En Banc*.[26]

On 13 November 2019, the Court *En Banc* promulgated a Resolution submitting the case for decision.[27] Hence, this Decision.

<u>The Issues</u>[28]

WHETHER THE COURT IN DIVISION ERRED IN GRANTING A RELIEF THAT WAS NOT PRAYED FOR BY THE RESPONDENT RESULTING TO A VIOLATION OF PETITIONER'S BASIC RIGHT TO FAIR PLAY AND DUE PROCESS;

WHETHER THE COURT IN DIVISION GRAVELY ERRED IN RULING THAT THE DEFICIENCY TAX ASSESSMENTS ISSUED AGAINST RESPONDENT ARE VOID FOR ALLEGED LACK OF AUTHORITY OF THE REVENUE OFFICERS WHO CONDUCTED THE AUDIT EXAMINATION.

WHETHER THE LOA IS NOT AN INDISPENSIBLE REQUIREMENT IN AN AUDIT EXAMINATION DIRECTLY AUTHORIZED BY THE CIR.

WHETHER ALL RETURNS ARE SUBJECT TO EXAMINATION OF THE CIR PURSUANT TO SECTION 6(A) OF THE TAX CODE, AND IN CASES WHEN A DISCREPANCY IS FOUND, THE LAW MERELY REQUIRES THE CIR TO GIVE NOTICE TO THE TAXPAYER.

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[24] Memorandum for Respondent, *Rollo*, pp. 70-80.
[25] Memorandum, *Rollo*, pp. 89-100.
[26] Minute Resolution, *Rollo*, p. 88.
[27] Resolution, *Rollo*, pp. 102-103.
[28] Petition for Review; *Rollo*, pp. 7-51, with annexes.

Arguments of the Parties

Petitioner's Arguments[29]

Petitioner argues that the Court in Division erred in granting a relief that was not prayed for or raised by respondent in the original Petition for Review. He maintains that ***Section 1, Rule 14 of the RRCTA*** only allows the Court of Tax Appeals ("CTA") to resolve unraised issues that are incidental or necessary in the resolution of the main issue and does not contemplate the resolution, as a main issue, of a matter not raised by the parties in their pleadings. Hence, he posits that the act of the Court in Division violated his constitutional right to due process.

Petitioner insists that the issue as to the existence of the LOA is irrelevant in this case. He explains that the LOA is only necessary when the audit is conducted under the authority of the regional director. Unlike in this case, he argues that the audit examination of respondent was under his authority, in line with his inherent powers to audit and assess taxpayers pursuant to ***Section 6(A) of the Tax Code***, as implemented by ***Revenue Memorandum Order ("RMO") Nos. 30-03***[30] ***and 42-03***.[31]

Petitioner adds that respondent's right to due process was not violated. He explains that, in cases when he notes a tax discrepancy, what the law mandates is for him to provide notice to the taxpayer, with which he was able to comply when he furnished respondent the LN.

Petitioner explains that the assessments were issued based on established facts and law. He avers that he is empowered to rely not only on the information provided for by the taxpayer, but also on third-party information to enable him to properly discharge his duties under the Tax Code. He maintains that tax assessment enjoys the presumption of correctness. Hence, absent any proof of irregularity, the courts are duty-bound to uphold its validity.

Lastly, Petitioner insists that the case falls under ***Section 222 of the Tax Code***. Hence, a surcharge, at a rate of fifty percent (50%), should be imposed against the respondent.

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[29] Petition for Review, *Rollo*, pp. 7-51, with annexes; Memorandum, *Rollo*, pp. 89-100.

[30] Guidelines and Procedures in the Extraction, Analysis, Disclosure/Dissemination, Utilization, and Monitoring of RELIEF data for Audit and Enforcement Purposes, 18 September 2003.

[31] Prescribing Additional Guidelines Governing the Rules on Assessment of National Internal Revenue Taxes covered by a Letter Notice (LN) issued under the RELIEF System as defined in Revenue Memorandum Order (RMO) No. 30-2003 and other data matching processes, 23 October 2003.

<u>Respondent's Counter-Arguments</u>[32]

Respondent counters that the CTA has the power to resolve issues involving the authority of revenue officers to conduct the audit examination of a taxpayer even though the parties did not raise the matter in any of its pleadings, citing the case of ***Commissioner of Internal Revenue v. Lancaster Philippines, Inc. (hereinafter referred to as "Lancaster Case")***.[33]

Likewise, it argues that petitioner never denied the fact that the revenue officers, who conducted its audit examination, were not duly armed with an LOA, which was affirmed by the Court in Division. Hence, it posits that the resulting assessments against it were rightfully declared void.

Finally, respondent emphasizes that the assessments issued by the BIR, pursuant to the LN, are not based on facts and law since petitioner failed to present any proof that the third-party information were verified and confirmed by his third-party sources. Since no such confirmation exists, the assessments made by the petitioner against respondent should be rendered void for being based merely on presumptions and suppositions.

<u>The Ruling of the Court</u>

After considering the issues raised by petitioner and the arguments propounded by respondent, the Court *En Banc* sees no cogent reason to reverse the assailed Decision and Resolution of the Court in Division.

<u>The Court in Division correctly ruled on the issue pertaining to the authority of the revenue officers to conduct respondent's audit even if the same was not raised by any of the parties in their respective pleadings.</u>

Elementary is the rule that the CTA, in the rendition of its decisions, is not bound to resolve issues stipulated by the parties but may also rule upon related matters necessary to achieve an orderly disposition of the case. This is the clear pronouncement of the Supreme Court in the ***Lancaster Case*** interpreting ***Section 1, Rule 14 of the RRCTA***, to wit:

> "**<u>On whether the CTA can resolve an issue which was not raised by the parties, we rule in the affirmative.</u>**

[32] Memorandum for Respondent, *Rollo*, pp. 70-80
[33] G.R. No. 183408, 12 July 2017.

Under Section 1, Rule 14 of A.M. No. 05-11-07-CTA, or the Revised Rules of the Court of Tax Appeals, **<u>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.</u>** 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.

<u>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.</u> The CTA En Banc was likewise correct in sustaining the CTA Division's view concerning such matter."[34]

Nevertheless, petitioner argues that the abovementioned legal authorities are not applicable in this case. He alleges that the issue as to the authority of the revenue officers to conduct respondent's audit is not related to the matters raised by the parties in their respective pleadings. However, his contention is devoid of merit.

In ***Commissioner of Internal Revenue v. Orient Overseas Container Line, LTD. Represented by OOCL (Philippines), Inc., (hereinafter referred to as "Orient Overseas Case")***,[35] the Court *En Banc* ruled that the issue assailing the authority of the revenue officer to conduct the audit examination of a taxpayer is *intrinsically related* to the issue pertaining to the validity of the assessment, to wit:

> "A review of the RO's authority to conduct the audit which resulted in the assessments is intrinsically related to the issue of the validity of the assessments."

In order to determine whether the issues raised by the respondent are intrinsically related to the issue pertaining to the authority of the revenue officer to conduct the audit, the Court *En Banc* reviewed the issues raised by the respondent in its original Petition for Review[36] which are hereby quoted, as follows:

"ISSUES TO BE RESOLVED

I. WHETHER OR NOT THERE ARE SUFFICIENT FACTUAL BASES FOR THE ISSUANCE OF THE

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[34] Emphasis supplied.
[35] CTA E.B. Case No. 1956, 22 August 2019.
[36] Petition for Review, Division Docket, pp. 12-51.

ASSESSMENT ASIDE FROM THE COMPUTER MATCHING FROM THIRD PARTY SOURCES.

II. WHETHER OR NOT THE RESPONDENT'S RIGHT TO ASSESS PETITIONER MSEI FOR THE ALLEGED DEFICIENCY TAXES FOR TAXABLE YEAR 2009, IN THE AGGREGATE AMOUNT OF ONE MILLION ONE HUNDRED SEVENTY FIVE THOUSAND, EIGHT HUNDRED FIFTY-FIVE AND SEVENTY-SEVEN CENTAVOS (PHP1,175,855.77), HAS ALREADY PRESCRIBED."

As can be gleaned from the issues raised by the respondent, it is evident that the original Petition for Review focused on assailing the validity of the assessments issued by the BIR against respondent.

Hence, consistent with our pronouncement in the ***Orient Overseas Case***, the Court *En Banc* rules that the issue assailing the authority of the revenue officers to conduct respondent's audit is intrinsically related to the issues raised by the respondent in the original Petition for Review.

Furthermore, the Court in Division did not violate petitioner's right to due process in resolving the issue as to the revenue officers' lack of authority to conduct the audit examination of respondent's books of accounts. As held in the ***Lancaster Case***, an assessment is void if issued without valid authority. Thus, the Court in Division has the authority to rule on this issue as it necessarily determines the validity of the assessment.

Therefore, the Court *En Banc* finds that the Court in Division was correct in ruling over the issue as to the revenue officers' authority to audit respondent even if the same was not raised in any of the parties' pleadings.

The assessment issued against respondent is void for want of a valid LOA.

Section 6(A) of the Tax Code grants the CIR or his duly authorized representative the power to authorize the examination and assessment of any taxpayer of the correct amount of tax due, to wit:

"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:** Provided, however, That failure to file a return shall not prevent the Commissioner from authorizing the examination of any taxpayer."[37]

Apropos, a valid grant of authority from the CIR or his duly authorized representative is required before a revenue officer can conduct an examination or issue an assessment. It is clear from the above-quoted provision that the authority to examine and audit a taxpayer is required in all instances, regardless of whether the authority came from the CIR or his authorized representative.

In ***Commissioner of Internal Revenue v. Sony Philippines, Inc., (hereinafter referred to as "Sony Case")***,[38] the Supreme Court identified the LOA as the authority given by the CIR or his duly authorized representative to a revenue officer to examine or assess a taxpayer, to wit:

> "Based on Section 13 of the Tax Code, **a Letter of Authority or 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.** The very provision of the Tax Code that the CIR relies on is unequivocal with regard to its power to grant authority to examine and assess a taxpayer.
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> xxx xxx xxx
>
> **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. **In the absence of such an authority, the assessment or examination is a nullity**."[39]

The ***Sony Case*** highlighted the importance of an LOA. It emphasized that without such document the examination or assessment against the taxpayer will be declared null and void.

In this case, petitioner did not dispute the fact that no LOA was issued granting authority to the revenue officers who audited and assessed respondent. Instead, it argues that the LOA is not required herein because the examination and assessment against respondent were conducted under his authority. He insists that the LOA is only necessary when the examination and assessment is under the authority of his authorized representative.

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[37] Emphasis supplied.
[38] G.R. No. 178697, 17 November 2010.
[39] Emphasis supplied.

He also stressed that the BIR did not violate respondent's due process by not issuing an LOA since he was able to furnish respondent an LN duly signed by him.

The Court *En Banc* finds the contention of the petitioner erroneous.

The arguments raised by petitioner are not novel and have already been addressed by the Supreme Court in the case of ***Medicard Philippines, Inc. v. CIR (hereinafter referred to as "Medicard Case")***.[40]

In the ***Medicard Case***, which has similar facts herein, the taxpayer received an LN from the CIR informing it of certain discrepancies he had noted in the taxpayer's income tax returns and VAT returns. No LOA was issued authorizing the audit examination and assessment of the taxpayer. Subsequently, the CIR issued the PAN, FAN and FDDA assessing the taxpayer for deficiency income tax and VAT. In declaring the assessments void for want of a valid LOA, the Supreme Court ratiocinated, to wit:

> "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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> xxx xxx xxx
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> **The Court cannot convert the LN into the LOA required under the law even if the same was issued by the CIR himself.** Under RR No. 12-2002, LN is issued to a person found to have underreported sales/receipts per data generated under the RELIEF system. Upon receipt of the LN, a taxpayer may avail of the BIR's Voluntary Assessment and Abatement Program. If a taxpayer fails or refuses to avail of the said program, the BIR may avail of administrative and criminal remedies, particularly closure, criminal action, or audit and investigation. **Since the law specifically requires an LOA and RMO No. 32-2005 requires the conversion of the previously issued LN to an LOA, the absence thereof cannot be simply swept under the rug, as the CIR would have it. In fact Revenue Memorandum Circular No. 40-2003 considers an LN as a notice of audit or investigation only for the purpose of disqualifying the taxpayer from amending his returns.**
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> **The following differences between an LOA and LN are crucial. First, an LOA addressed to a revenue officer is specifically required under the NIRC before an examination of a taxpayer may be had while an LN is not found in the NIRC and is only for the purpose of notifying**

[40] G.R. No. 222743, 5 April 2017.

> **the taxpayer that a discrepancy is found based on the BIR's RELIEF System. Second, an LOA is valid only for 30 days from date of issue while an LN has no such limitation. Third, an LOA gives the revenue officer only a period of 120 days from receipt of LOA to conduct his examination of the taxpayer whereas an LN does not contain such a limitation. Simply put, LN is entirely different and serves a different purpose than an LOA. <u>Due process demands, as recognized under RMO No. 32-2005, that after an LN has serve its purpose, the revenue officer should have properly secured an LOA before proceeding with the further examination and assessment of the petitioner. Unfortunately, this was not done in this case</u>.**
>
> Contrary to the ruling of the CTA en banc, an LOA cannot be dispensed with just because none of the financial books or records being physically kept by MEDICARD was examined. **<u>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.</u>** The requirement of authorization is therefore not dependent on whether the taxpayer may be required to physically open his books and financial records but only on whether a taxpayer is being subject to examination.
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> The BIR's RELIEF System has admittedly made the BIR's assessment and collection efforts much easier and faster. The ease by which the BIR's revenue generating objectives is achieved is no excuse however for its non-compliance with the statutory requirement under Section 6 and with its own administrative issuance. **In fact, apart from being a statutory requirement, an LOA is equally needed even under the BIR's RELIEF System because the rationale of requirement is the same whether or not the CIR conducts a physical examination of the taxpayer's records: to prevent undue harassment of a taxpayer and level the playing field between the government's vast resources for tax assessment, collection and enforcement, on one hand, and the solitary taxpayer's dual need to prosecute its business while at the same time responding to the BIR exercise of its statutory powers. The balance between these is achieved by ensuring that any examination of the taxpayer by the BIR's revenue officers is properly authorized in the first place by those to whom the discretion to exercise the power of examination is given by the statute.**
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> **That the BIR officials herein were not shown to have acted unreasonably is beside the point because the issue of their lack of authority was only brought up during the trial of the case. What is crucial is whether the proceedings that led to the issuance of VAT deficiency assessment against MEDICARD had the prior approval and authorization from the CIR or her duly authorized representatives. Not having authority to examine MEDICARD in the first place, the assessment issued by the CIR is inescapably void."**[41]

As ruled by the Supreme Court in the ***Medicard Case***, the audit examination and assessment against a taxpayer should be pursuant to an LOA. Absent a valid LOA, any assessment is void.

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[41] Emphasis supplied.

The ***Medicard Case*** stressed that the LN cannot stand as a substitute of the LOA, even if the LN was issued by the CIR himself. As noted by the Supreme Court, the LN is merely "a notice of audit or investigation only for the purpose of disqualifying the taxpayer from amending his returns". The LN, such as in this case, is not the same as the LOA since it does not include the information specified in the LOA which is material to validly grant the revenue officer authority to audit a taxpayer. Hence, the LN cannot be the revenue examiner's source of authority to audit a particular taxpayer.

Applying the foregoing in this case, petitioner's own witness, Revenue Officer Grace Nario-Mangubat had already testified that she conducted respondent's audit pursuant to LN No. 54A-RLF-09-03-00042 and not an LOA.[42] Hence, consistent with the clear pronouncement in the ***Medicard Case***, the Court *En Banc* rules that the assessments issued against respondent are void since the revenue officers who conducted respondent's audit examination and assessment are not authorized pursuant to a valid LOA.

In view of the foregoing, this Court finds no reason to disturb the findings of the Court in Division.

WHEREFORE, premises considered, the instant Petition for Review is hereby **DENIED** for lack of merit. Accordingly, the Court in Division's Decision promulgated on 17 December 2018 and the Resolution dated 15 March 2019 are hereby **AFFIRMED**.

SO ORDERED.

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

WE CONCUR:

ROMAN G. DEL ROSARIO
Presiding Justice

Juanito C. Castañeda, Jr.
JUANITO C. CASTAÑEDA, JR.
Associate Justice

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[42] Judicial Affidavit of Revenue Officer Grace Nario-Mangubat, Division Docket, pp. 101-107.

ON LEAVE

ERLINDA P. UY
Associate Justice

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

CATHERINE T. MANAHAN
Associate Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

CERTIFICATION

Pursuant to *Article VIII, Section 13 of the Constitution*, 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.

ROMAN G. DEL ROSARIO
Presiding Justice