REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

COMMISSIONER OF INTERNAL REVENUE, *Petitioner,*	**CTA EB No. 2867** (CTA Case No. 9745)
	Present:
-versus-	**RINGPIS-LIBAN,** *Acting PJ* **MANAHAN, BACORRO-VILLENA, MODESTO-SAN PEDRO, REYES-FAJARDO, CUI-DAVID, FERRER-FLORES,** and, **ANGELES,** *JJ.*
SHANG PROPERTY DEVELOPERS, INC., *Respondent.*	Promulgated: NOV 19 2025 4:30pm

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DECISION

REYES-FAJARDO, *J.*:

We address the Petition for Review dated February 27, 2024,[1] filed by the Commissioner of Internal Revenue, impugning the Decision[2] dated October 12, 2022 and Resolution[3] dated January 12, 2024, handed down by the Court of Tax Appeals – Special Third Division (CTA in Division) in CTA Case No. 9745. The impugned Decision and Resolution invalidated the deficiency internal revenue tax assessments and collection measures for Taxable Year (TY) 2013, all issued by the Bureau of Internal Revenue (BIR) against Shang Property Developers, Inc.

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1 *Rollo,* pp. 6-28.
2 *Id.* at pp. 34-51.
3 *Id.* at pp. 52-55.

The facts follow.

Petitioner is the head of the BIR, the government agency tasked to, among others, collect all national internal revenue taxes. As Commissioner of Internal Revenue (CIR), respondent has the power to decide disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties imposed in relation thereto or other matters arising under the ***National Internal Revenue Code of 1997, as amended ("NIRC")***, other tax laws, and rules and regulations.

Respondent is a corporation duly organized and existing under Philippine laws.

On July 15, 2014, Regional Director Jonas D.P. Amora of Revenue Region No. 8 (RD Amora) issued a Letter of Authority (LOA), authorizing Revenue Officer (RO) Kristine Ami and Group Supervisor (GS) Reynaldo Causapin of Revenue District Office No. (RDO) 47 to audit and examine respondent's books of accounts and other accounting records for the purpose of determining any deficiency tax liability for the period from January 1, 2013 to December 31, 2013.[4]

In an undated Memorandum addressed to the Revenue District Officer, RO Ami requested that audit of respondent be transferred to another RO as she had been reassigned from RDO 47 to RDO 49.[5]

In a Letter dated April 15, 2016, Revenue District Officer of RDO 47 Atty. Shirley A. Calapatia informed respondent that the audit of its books of accounts and other accounting records would be assigned to RO Gigette T. Ventura, to be supervised by GS Marivel G. Bello.[6] Appended thereon is the Memorandum of Assignment (MOA) dated April 13, 2016 issued by RDOr Calapatia, indicating that the transfer of the audit to RO Ventura and GS Bello was due to the previous RO's transfer to another district office.[7]

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4 Exhibit "R-13," BIR Records (Exhibit "R-1"), p. 6; and Exhibit "P-7," Docket (CTA Case No. 9745), p. 759.
5 BIR Records (Exhibit "R-1), p. 643.
6 Exhibit "R-14," *id.* at p. 646.
7 *Id.* at p. 645.

In an undated Memorandum addressed to the Regional Director of RR 8, RO Ventura and GS Bello recommended the issuance of the Preliminary Assessment Notice (PAN).[8]

On November 19, 2016, RD Amora issued a PAN, encapsulating the proposed deficiency Income Tax (IT), Value-Added Tax (VAT), Final Withholding of VAT (FWVAT), Documentary Stamp Tax (DST) assessments, and Compromise Penalty (CP), all for TY 2013.[9]

On December 9, 2016, respondent filed its reply to the PAN.[10]

On December 13, 2016, petitioner, through Clavelina S. Nacar – Officer-in-Charge Revenue Region No. 8, Makati City, issued a Formal Assessment Notice (Parts I and II),[11] assessing respondent for the following items of deficiency internal revenue taxes for TY 2013, *viz.*:

Tax Type	**Amount Due (inclusive of surcharge and interest, exclusive of compromise penalty)**
IT	₱214,400,223.45
VAT	8,417,159.78
FWVAT	429,348.48
DST	43,115.73

Petitioner then sought to collect the 2013 assessed deficiency internal revenue taxes, through the Preliminary Collection Letter dated June 14, 2017 (PCL)[12] and Final Notice Before Seizure dated July 5, 2017 (FNBS).[13]

On December 7, 2017, respondent received petitioner's undated Warrants of Distraint and/or Levy (WDL).[14]

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8 Exhibit "R-6," *id.* at pp. 676-678.
9 Exhibits "R-7" and "P-9," *id.* at pp. 722-727.
10 Exhibit "R-8," *id.* at pp. 710-721.
11 Exhibits "P-8" and "R-9," with corresponding sub-markings. *Id.* at pp. 728-737.
12 *Id.* at p. 752.
13 *Id.* at p. 754.
14 Exhibits "R-10" and "R-10-a," *id.* at 764-766.

On January 5, 2018, respondent filed a Petition for Review with Motion to Suspend Collection of Taxes,[15] before the CTA in Division, docketed as CTA Case No. 9745.

By impugned Decision[16] dated October 12, 2022, the CTA in Division held that it acquired jurisdiction over CTA Case No. 9745 because respondent filed its Petition on January 5, 2018, or within thirty (30) days from respondent's receipt of the WDL on December 7, 2017.

The CTA in Division then found the 2013 assessed deficiency internal revenue tax assessments and its implementing collection measures void because the persons who investigated and audited respondent, and recommended said taxes against it, had no prior legal permission to do so from petitioner or his duly authorized representative. Precisely, CTA Case No. 9745 was disposed as follows:

> **WHEREFORE**, in light of the foregoing considerations, the instant Petition for Review is **GRANTED**. The PAN, FAN, PCL, FNBS and WDLs issued against [respondent] are declared **NULL AND VOID**. Accordingly, the deficiency IT, VAT, FWVAT and DST assessments issued against [respondent] for TY 2013, in the aggregate amount of Two Hundred Twenty[-]Three Million Three Hundred Nineteen Thousand Eight Hundred Forty[-]Seven Pesos and 44/100 (Php223,319,847.44), are hereby **CANCELLED** and **SET ASIDE**. Consequently, [petitioner] is **ENJOINED** and **PROHIBITED** from collecting the said amount against [respondent].
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> **SO ORDERED.**

Petitioner moved,[17] but failed[18] to overturn the impugned Decision; hence, the present recourse.[19]

Petitioner states that respondent failed to file a valid administrative protest on the FAN, as required by Section 228 of the NIRC, as implemented by Revenue Regulations (RR) No. 18-2013. In view thereof, there was no disputed assessment to speak of, much

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15 Docket (CTA Case No. 9745), pp. 10-30.
16 *Supra* note 2.
17 Respondent (now petitioner)'s Motion for Reconsideration (Re: Decision dated 12 October 2022). Docket (CTA Case No. 9745), pp. 1036-1056.
18 *Supra* note 3.
19 *Supra* note 1.

more, a decision or inaction thereon, over which the CTA in Division could exercise jurisdiction. For this reason, the CTA in Division erred in taking cognizance of CTA Case No. 9745.

Granting, the CTA in Division properly acquired jurisdiction over CTA Case No 9745, petitioner nevertheless asserts the BIR's adoption of RO Ventura and GS Bello's recommendation and findings of deficiency internal revenue taxes for TY 2013 is valid. Therefore, respondent is liable for the 2013 assessed deficiency internal revenue taxes embedded in the FAN.

In repudiation,[20] respondent counters that the CTA in Division acquired jurisdiction over CTA Case No. 9745 because appeal was timely taken, within thirty (30) days from receipt of the WDL.

Respondent, too, retorts that the CTA in Division is correct in declaring the 2013 assessed deficiency internal revenue taxes and its implementing collection measures void, for being a product of an illicit examination and audit conducted by RO Ventura and GS Bello.

RULING

We deny the Petition.

First. Petitioner provided Us a myopic understanding of the CTA's jurisdiction. To be precise, the CTA's jurisdiction is not only limited on respondent's decision or inaction on disputed assessments. Section 7(a)(1), in relation to Section 11 of Republic Act (RA) No. 1125,[21] as amended by RA No. 9282, likewise bestows the CTA with jurisdiction over petitioner's action over other matters arising from the NIRC, as amended.[22] In addition, an appeal must be taken from said action, within thirty (30) days from receipt thereof. These provisions respectively read:

Sec. 7. Jurisdiction. - The CTA shall exercise:

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20 Respondent's Comment/Opposition (to Petition for Review dated February 27, 2024). *Rollo*, pp. 60-81.

21 An Act Creating the Court of Tax Appeals.

22 See *Commissioner of Internal Revenue v. Lancaster Philippines, Inc.*, G.R. No. 183408, July 12, 2017.

a. Exclusive appellate jurisdiction to review by appeal, as herein provided:

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;

...

SEC. 11. Who May Appeal; Mode of Appeal; Effect of Appeal. - Any party adversely affected by a decision, ruling or inaction of the Commissioner of Internal Revenue, ... **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.

Appeal shall be made by filing a petition for review under a procedure analogous to that provided for under Rule 42 of the 1997 Rules of Civil Procedure with the CTA within thirty (30) days from the receipt of the decision or ruling or in the case of inaction as herein provided, from the expiration of the period fixed by law to act thereon. A Division of the CTA shall hear the appeal: ....[23]

Among these matters is the collection of all national internal revenue taxes, fees, and charges, recognized under Section 2 of the NIRC, as amended.[24] This includes the issuance of the rules, regulations, and measures in pursuit thereof,[25] such as the distraint and/or levy of property, mentioned in Section 205(a),[26] in relation to Section 207[27] of the same Code.

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23 Boldfacing supplied.

24 SEC. 2. *Powers and Duties of the Bureau of Internal Revenue.* - The Bureau of Internal Revenue shall be under the supervision and control of the Department of Finance and its powers and duties shall comprehend the assessment and **collection of all national internal revenue taxes, fees, and charges**, and the enforcement of all forfeitures, penalties, and fines connected therewith, including the execution of judgments in all cases decided in its favor by the Court of Tax Appeals and the ordinary courts.... See *Commissioner of Internal Revenue v. Bank of the Philippines Islands,* G.R. No. 227049, September 16, 2020. (Boldfacing ours)

25 See *Commissioner of Internal Revenue v. Bank of the Philippines Islands,* G.R. No. 227049, September 16, 2020.

26 **Section 205.** *Remedies for the Collection of Delinquent Taxes.* - The civil remedies for the collection of internal revenue taxes, fees or charges, and any increment thereto resulting from delinquency shall be:

(a) By distraint of goods, chattels, or effects, and other personal property of whatever character, including stocks and other securities, debts, credits, bank accounts and interest in and rights to personal property, and by levy upon real property and interest in rights to real property; ...

27 **Section 207.** *Summary Remedies.* -

Here, respondent received[28] petitioner's undated WDL on December 7, 2017. Counting thirty (30) days therefrom, respondent had until January 6, 2018 to appeal before the CTA in Division. *Ergo,* the timely filing of its Petition for Review with Motion to Suspend Collection of Taxes[29] on January 5, 2018, clothed the CTA in Division with jurisdiction over CTA Case No. 9745.

Second. Petitioner seeks to hold respondent liable for the 2013 assessed deficiency internal revenue tax assessments. However, the relief desired should be rejected because the same is a product of an illicit BIR examination and audit.

Section 6(A) of the NIRC confines the authority to examine any taxpayer for the correct determination of tax liabilities to petitioner or his duly authorized representatives. By way of exception, petitioner or his duly authorized representatives may authorize the examination of any taxpayer for the correct determination of tax liabilities:

> SEC. 6. ***Power of the Commissioner to Make Assessments and Prescribe Additional Requirements for Tax Administration and Enforcement.***

> (A) Distraint of Personal Property. - Upon the failure of the person owing any delinquent tax or delinquent revenue to pay the same at the time required, the Commissioner or his duly authorized representative, if the amount involved is in excess of One million pesos (P1,000,000), or the Revenue District Officer, if the amount involved is One million pesos (P1,000,000) or less, shall seize and distraint any goods, chattels or effects, and the personal property, including stocks and other securities, debts, credits, bank accounts, and interests in and rights to personal property of such persons; in sufficient quantity to satisfy the tax, or charge, together with any increment thereto incident to delinquency, and the expenses of the distraint and the cost of the subsequent sale.
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> ...
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> (B) Levy on Real Property. - After the expiration of the time required to pay the delinquent tax or delinquent revenue as prescribed in this Section, real property may be levied upon, before simultaneously or after the distraint of personal property belonging to the delinquent. To this end, any internal revenue officer designated by the Commissioner or his duly authorized representative shall prepare a duly authenticated certificate showing the name of the taxpayer and the amounts of the tax and penalty due from him. Said certificate shall operate with the force of a legal execution throughout the Philippines.
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> Levy shall be affected by writing upon said certificate a description of the property upon which levy is made. At the same time, written notice of the levy shall be mailed to or served upon the Register of Deeds for the province or city where the property is located and upon the delinquent taxpayer, or if he be absent from the Philippines, to his agent or the manager of the business in respect to which the liability arose, or if there be none, to the occupant of the property in question.
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> ...

[28] *Supra* note 14.
[29] *Supra* note 15.

> (A) Examination of Returns 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: ...
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> ...

Sections 10(c) and 13 of the NIRC permit the Revenue Regional Directors to issue Letters of Authority (LOAs) in favor of revenue officers (ROs) performing assessment functions in their respective region and district offices for the examination of any taxpayer within such region:

> SEC. 10. ***Revenue Regional Director.*** - Under rules and regulations, policies and standards formulated by the Commissioner, with the approval of the Secretary of Finance, the Revenue Regional director shall, within the region and district offices under his jurisdiction, among others:
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> ...
>
> (c) Issue Letters of authority for the examination of taxpayers within the region;
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> ...
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> 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.

In addition, Section D(4) of Revenue Memorandum Order (RMO) No. 43-90[30] provides that deputy commissioners, and other BIR officials authorized by the CIR himself are permitted to issue an LOA.[31] Among the BIR officials expressly authorized[32] by the CIR to

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30 SUBJECT: *Amendment of Revenue Memorandum Order No. 37-90 Prescribing Revise Policy Guidelines for Examination of Returns and Issuance of Letters of Authority to Audit.*

31 For 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 exigencies of service, other officials may be authorized to issue and sign Letters of Authority but only upon prior authorization by the Commissioner himself.

issue an LOA are the Assistant Commissioners (ACIRs) and Head Revenue Executive Assistants (HREAs).

Indeed, the LOA is the concrete manifestation of the grant of authority bestowed by the CIR or his authorized representatives to the revenue officers pursuant to Sections 6, 10(c) and 13 of the NIRC. Naturally, this grant of authority is issued or bestowed upon an agent of the BIR, *i.e.*, a revenue officer.[33] It gives notice to the taxpayer that it is under investigation for possible deficiency tax assessment; at the same time it authorizes or empowers a designated revenue officer to examine, verify, and scrutinize a taxpayer's books and records, in relation to internal revenue tax liabilities for a *particular period*.[34] Conversely, the absence of such an authority renders the assessment or examination a patent nullity.[35]

In this case, RD Amora's LOA authorized **RO Ami** and **GS Causapin** to conduct examination and audit of respondent's books of account and other accounting record for possible deficiency taxes covering TY 2013.[36] Yet, it was **RO Ventura** and **GS Bello** who recommended the 2013 deficiency internal revenue taxes against respondent.[37] **RO Ventura** even admitted that "[she was] the one who conducted an examination of the books of accounts and other accounting records of [respondent], to determine all its internal revenue taxes for taxable year 2013, which led to the issuance of the subject BIR PAN dated November 18, 2016 and Formal Assessment Notice (FAN) dated December 13, 2016, bearing the assessed deficiency income tax, value-added tax, final withholding on VAT, documentary stamp tax and compromise penalty of [respondent] for taxable year 2013."[38]

Since the audit and examination on respondent were performed by RO Ventura, *sans* prior valid LOA issued by petitioner or his duly authorized representative, her acts, leading to the issuance of the 2013 assessed deficiency internal revenue taxes are void. Being void,

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32 No. 2, Roman Number II of RMO No. 29-2007 permits assistant commissioners and head revenue executive assistants to issue LOAs.

33 See *Commissioner of Internal Revenue v. McDonald's Philippines Realty Corporation*, G.R. No. 242670, May 10, 2021.

34 *Commissioner of Internal Revenue v. Lancaster Philippines, Inc.*, G.R. No. 183408, July 12, 2017.

35 See *Himlayang Pilipino Plans, Inc. v. Commissioner of Internal Revenue*, G.R. No. 241848, May 14, 2021.

36 *Supra* note 4.

37 *Supra* note 8.

38 See Answer to Question No. 8, Exhibit "R-16," Docket (CTA Case No. 9745), p. 641.

the collection thereof, effected through the BIR's PCL,[39] FNBS,[40] and WDL,[41] is likewise null. To stress, an invalid assessment bears no valid fruit.[42]

ACCORDINGLY, the Petition for Review dated February 27, 2024, filed by the Commissioner of Internal Revenue in CTA EB No. 2867 is **DENIED**, for lack of merit. The Decision dated October 12, 2022 and Resolution dated January 12, 2024, handed down by the Court of Tax Appeals – Special Third Division in CTA Case No. 9745 are **affirmed**.

SO ORDERED.

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

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

With due respect, see Dissenting Opinion
CATHERINE T. MANAHAN
Associate Justice

With Concurring Opinion
JEAN MARIE A. BACORRO-VILLENA
Associate Justice

ON OFFICIAL BUSINESS
MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

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[39] *Supra* note 12.
[40] *Supra* note 13.
[41] *Supra* note 14.
[42] See *Commissioner of Internal Revenue v. Unioil Corporation*, G.R. No. 204405, August 4, 2021.

LANEE S. CUI-DAVID
Associate Justice

CORAZON G. FERRER-FLORES
Associate Justice

With due respect, I kindly join the DO of Justice CTM
HENRY S. ANGELES
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.

MA. BELEN M. RINGPIS-LIBAN
Acting Presiding Justice

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

COMMISSIONER OF INTERNAL REVENUE,
Petitioner,

-*versus*-

SHANG PROPERTY DEVELOPERS, INC.,
Respondent.

CTA *EB* NO. 2867
(CTA CASE NO. 9745)

Present:

RINGPIS-LIBAN, *Acting P.J.,*
MANAHAN,
BACORRO-VILLENA,
MODESTO-SAN PEDRO,
REYES-FAJARDO,
CUI-DAVID,
FERRER-FLORES, *and*
ANGELES, *JJ.*

Promulgated:

NOV 19 2025 4:30pm

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DISSENTING OPINION

MANAHAN, *J.*:

With due respect, I disagree with the result reached in the *ponencia* denying the Petition for Review, for lack of merit.

Here, the *ponencia* found that respondent failed to file its protest to the Formal Assessment Notice (FAN) issued by petitioner on December 13, 2016. Consequently, petitioner issued the following: (1) Preliminary Collection Letter (PCL) dated June 14, 2017; (2) Final Notice Before Seizure dated July 5, 2017; and (3) Warrants of Distraint and/or Levy (WDL) that were received by respondent on December 7, 2017. Meanwhile, both the Court in Division and the *ponencia* nullified the assessment due to the defects in the Letter of Authority (LOA) covering the said assessment.

Likewise, both the Court in Division and the *ponencia* ruled that the Court of Tax Appeals (CTA) has jurisdiction over the instant case under "*other matters*," which is found under Section 7(a)(1) of Republic Act (RA) No. 1125, as amended by RA No. 9282. It provides:

> Section 7. Jurisdiction. — The Court of Tax Appeals shall exercise exclusive appellate jurisdiction to review by appeal, as herein provided.
>
> (1) Decisions of the Commissioner of Internal Revenue in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties imposed 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)*

Under the above-quoted provision, the CTA has jurisdiction over *other matters* arising under the 1997 National Internal Revenue Code, as amended (Tax Code), or other law or part of law administered by the Bureau of Internal Revenue (BIR).

Here, respondent questioned before the Court in Division the propriety of the issuance of the subject WDLs, by attacking an **assessment which had already become final, executory, and demandable, due to respondent's failure to administratively protest the same**.

On this score, Section 228 of the Tax Code and Section 3.1.5 of Revenue Regulations (RR) No. 12-99, pertinently provide:

> **SEC. 228.** ***Protesting of Assessment.*** – xxx
>
> xxx xxx xxx
>
> Such assessment may be protested administratively by filing a request for reconsideration or reinvestigation within thirty (30) days from receipt of the assessment in such form and manner as may be prescribed by implementing rules and regulations. Within sixty (60) days from filing of the protest, all relevant supporting documents shall have been submitted; otherwise, the assessment shall become final.

3.1.5 Disputed Assessment. **–** xxx

> If the taxpayer fails to file a valid protest against the FLD/FAN within thirty (30) days from date of receipt thereof, the assessment shall become final, executory and demandable. xxx

Both Section 228 of the Tax Code and Section 3.1.5 of RR No. 12-99, provide that failure to file a valid protest against an FAN shall render the assessment final, executory, and demandable.

Considering the above discussion, while I agree that the Court is clothed with its "*other matters*" jurisdiction to review the circumstances surrounding the issuance of the subject WDLs, the Court is nonetheless bereft of authority to review, much less reverse, an assessment that had become final, executory, and demandable for failure to file a protest.

Thus, a taxpayer's failure to file a valid protest against an FAN will render the same final, executory, and demandable. As a matter of due course, the BIR may already proceed with its collection efforts by issuing a WDL. At this point, the Court may only examine the WDL under its "*other matters*" jurisdiction, without looking into the validity of a final, executory, and demandable assessment.

In other words, a taxpayer should not be allowed to invoke the "*other matters*" jurisdiction of the CTA by apparently questioning the issuance of a WDL, to rectify the taxpayer's failure to file protest. To rule otherwise is to give premium to taxpayers who fail to observe the procedures laid down by the law and the rules. Further, the *ponencia* may have the effect of expanding the remedies available to taxpayers who neglected to exercise their rights in the first place. This may be tantamount to judicial legislation, and should be threaded by the Court with extreme caution.

For these reasons, I vote to **GRANT** the Petition for Review.

CATHERINE T. MANAHAN
Associate Justice

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
Quezon City

EN BANC

COMMISSIONER OF INTERNAL REVENUE, Petitioner,	**CTA EB NO. 2867** (CTA Case No. 9745)
	Present:
- versus -	**RINGPIS-LIBAN**, Acting *P.J.*, **MANAHAN, BACORRO-VILLENA, MODESTO-SAN PEDRO, REYES-FAJARDO, CUI-DAVID, FERRER-FLORES**, *and* **ANGELES**, *JJ.*
SHANG PROPERTY DEVELOPERS, INC., Respondent.	Promulgated: NOV 19 2025 4:30

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CONCURRING OPINION

BACORRO-VILLENA, J.:

I concur with the conclusions reached in the *ponencia* of my esteemed colleague, Associate Justice Marian Ivy F. Reyes-Fajardo, affirming the Special Third Division's findings that: (1) the Court acquired jurisdiction over respondent Shang Property Developers, Inc.'s (**respondent**'s/**SPDI**'s) prior *Petition for Review* under its "other matters" jurisdiction, as provided in the second part of Section 7(a)(1)[1] of Republic Act (**RA**) No. 1125, as amended, and Section 3(a)(1), Rule 4[2] of the Revised Rules of the Court of Tax Appeals

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[1] SEC. 7. *Jurisdiction.* — The CTA shall exercise:
a. Exclusive appellate jurisdiction to review by appeal, as herein provided:
(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**[.] (Italics in the original text and emphasis supplied)

[2] **Rule 4**
JURISDICTION OF THE COURT

...
SEC. 3. *Cases within the jurisdiction of the Court in Division.* — The Court in Division shall exercise:
(a) Exclusive original over or appellate jurisdiction to review by appeal the following:
(1) Decisions of the Commissioner of Internal Revenue in cases involving **disputed assessments [first part]**, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or **other**

(**RRCTA**); and (2) the undated Warrants of Distraint and/or Levy (**WDLs**) were improperly issued because they were not anchored on a valid assessment.

It bears emphasis that in *Commissioner of Internal Revenue v. Court of Tax Appeals Second Division and QL Development, Inc.*[3] (**QL Development**), the Supreme Court held that therein petitioner's failure to file a protest to the Final Assessment Notice (**FAN**)/Formal Letter of Demand (**FLD**) does not divest this Court of jurisdiction. This Court's jurisdiction is not limited to cases of disputed assessments and claims for refund of internal revenue taxes, but also to "other matters" arising under the National Internal Revenue Code (**NIRC**) of 1997, as amended, to wit:

> ...
>
> On the merits of the case, the CIR attributes grave abuse of discretion to the CTA Division when it assumed jurisdiction over QLDI's Petition for Review. The CIR claims that QLDI's failure to file a valid protest to the FAN/FLD rendered the assessment against it already final, executory, and demandable. As such, the assessments are not subject to judicial scrutiny, as it is already beyond the CTA Division's jurisdiction.
>
> The CIR's argument must fail in light of Section 7(a)(1) of Republic Act No. (RA) 1125, as amended by RA 9282, which confers upon the CTA the jurisdiction to decide not only cases on disputed assessments and refunds of internal revenue taxes, but also "other matters" arising under the NIRC[.][4]
>
> ...

In addition, the Supreme Court clarified in *QL Development* the meaning of assessment becoming final for failure to file a protest, that is, its validity or correctness may no longer be questioned on appeal, *viz*:

> ...
>
> **To be sure, the fact that an assessment has become final for failure of the taxpayer to file a protest within the time allowed only means that the validity or correctness of the assessment may no longer be questioned on appeal. However, the validity of the assessment itself is a separate and distinct issue from the issue of whether the right of the CIR to collect the validly assessed tax has prescribed**. This issue of prescription, being a matter provided for by the NIRC, is well within the jurisdiction of the CTA to decide.[5]
>
> ...

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matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue [second part]. (Italics in the original text and emphasis supplied)

3 G.R. No. 258947. 29 March 2022 [Per J. Caguioa. First Division].

4 Citations omitted.

5 Supra at note 3; Citation omitted and emphasis supplied.

Nevertheless, for clarity, I propose the summation of the following rules, in line with the pronouncement in *QL Development* and other related jurisprudence:

1. Failure to file a protest to the assessment renders the assessment final, executory and demandable. As a result, its validity or correctness may no longer be raised on appeal. However, this rule remains subject to the principle that a void assessment bears no valid fruit[6], and that finality attaches only when the assessment itself is valid[7];

2. Even when an assessment has become final, executory, and demandable, this Court retains jurisdiction over other matters arising under the NIRC of 1997, as amended, that relate to the tax subject of the assessment. These may include issues such as whether the right to collect has already prescribed; and

3. If the Court finds no basis to invalidate either the assessment or the Bureau of Internal Revenue's (**BIR**'s) collection efforts, the assessment shall be upheld in its entirety because its correctness may no longer be questioned.

Here, the Special Third Division properly acquired jurisdiction over the prior petition because it was filed on 05 January 2018, well within the thirty (30)-day period for filing an appeal, reckoned from respondent's receipt of petitioner's undated WDLs on 07 December 2017.

Although respondent failed to file a valid protest against the FAN/FLD, the assessment could not have attained finality because the Court must treat it as void. Since the revenue officers (**ROs**) who examined and audited respondent's books of accounts and other accounting records acted without a valid Letter of Authority (**LOA**), the deficiency tax assessment they issued is unquestionably null and void. Because the assessment is void, no tax collection can legally proceed in relation to it. Consequently, petitioner improperly issued the subject WDLs, as they were not anchored on a valid assessment.

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6 *Commissioner of Internal Revenue v. Pilipinas Shell Petroleum Corporation*, G.R. No. 197945, 09 July 2018 [Per J. Leonardo-De Castro, First Division]; *Commissioner of Internal Revenue v. Metro Star Superama, Inc.*, G.R. No. 185371, 08 December 2010 [Per J. Mendoza, Second Division]; and *Commissioner of Internal Revenue v. Azucena T. Reyes*, G.R. Nos. 159694 & 163581, 27 January 2006 [Per C.J. Panganiban, First Division].

7 *Commissioner of Internal Revenue v. T Shuttle Services, Inc.*, G.R. No. 240729 (Resolution), 24 August 2020 [Per J. Inting, Second Division].

In light of these considerations, I vote to **DENY** the instant *Petition for Review* for lack of merit and thereby, affirm the Special Third Division's Decision dated 12 October 2022 and Resolution dated 12 January 2024.

JEAN MARIE A. BACORRO-VILLENA
Associate Justice