19-000304-0049

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL FIRST DIVISION

CTA CASE NO. 10106

BANGKO SENTRAL NG PILIPINAS,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

NOTICE OF SECOND AMENDED DECISION

To:

OFFICE OF THE SOLICITOR GENERAL
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Makati City

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GREETINGS:

You are hereby notified by these presents that on **September 1, 2025,** a Second Amended Decision was rendered in the above-entitled case, copy of which is attached hereto.

Quezon City, Philippines, **September 2, 2025.**

Atty. Margarette Y. Guzman
Executive Clerk of Court III

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL FIRST DIVISION

BANGKO SENTRAL NG PILIPINAS,
Petitioner,

-*versus*-

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA CASE NO. 10106

Members:

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

Promulgated:
SEP 01 2025 1:55pm

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SECOND AMENDED DECISION

MANAHAN, *J.*:

For this Court's resolution is petitioner's *Motion for Reconsideration (of the Amended Decision dated 24 March 2025)* personally and electronically filed on April 14, 2025 without respondent's comment/opposition.[1]

Petitioner seeks the reconsideration of the Amended Decision of the Court promulgated on March 24, 2025 (assailed Amended Decision), the dispositive portion of which reads:

> **WHEREFORE**, premises considered, the present Petition for Review is **DISMISSED** for this Court's lack of jurisdiction due to the non-filing of a prior administrative claim for refund.
>
> **SO ORDERED**.

Petitioner challenges the Amended Decision and insists that a prior administrative claim for refund dated June 18, 2018 was prepared and properly filed with the Bureau of Internal Revenue (BIR) on June 22, 2018 via a private courier (LBC) contrary to the finding of the Court. It claims that the LBC proof

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[1] Records Verification dated May 27, 2025.

of receipt showing that the letter dated June 18, 2018 was delivered to BIR's Revenue District Office (RDO) No. 23B is sufficient without the need to present any receiving stamp by said office. Citing Section 3 of Rule 131 of the Revised Rules of Evidence, petitioner argues that a "letter duly directed and mailed was received in the regular course of mail" and "that the ordinary course of business has been followed."

Petitioner also points out that respondent did not contradict the receipt of said letter nor presented any documentary or testimonial evidence to prove non-receipt thereby bolstering its claim that an administrative claim for refund was filed prior to the filing of its judicial appeal.

As regards the conclusion of the Court that the document supposedly received by LBC did not specifically indicate what type of document was sent to respondent, petitioner maintains that the LBC's proof of receipt pertains to the same reference number indicated in its letter-claim for refund dated June 18, 2018, thus proving that the BIR indeed received said letter, well within the two (2)-year period prescribed by relevant law and regulations.

Lastly, petitioner asserts that it mailed a follow-up letter dated April 10, 2019 to the former address of RDO No. 23B at Liwag Blvd., Burgos Avenue, Cabanatuan City, Nueva Ecija, in good faith as it is the same address where it mailed the previous administrative claim for refund. Petitioner insists that it was not aware of the change of address of RDO No. 23B when it mailed the follow-up letter and alleges that it was only on June 3, 2021 that RDO No. 23B publicly announced its transfer on its social media page.

RULING OF THE COURT

We shall first resolve the timeliness of the filing of petitioner's *Motion for Reconsideration* with the Court.

On March 24, 2025, the Court issued an Amended Decision in the above-captioned case and a copy of the Decision was received by petitioner on March 31, 2025.[2]

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[2] LBC Tracking No. 127394979330 received on March 31, 2025, Division Docket, Volume II, page 731.

Counted from petitioner's receipt of the assailed Amended Decision on March 31, 2025, it had until April 15, 2025 to file its motion for reconsideration pursuant to Section 1 of Rule 15 of the Revised Rules of the Court of Tax Appeals (RRCTA) where a party dissatisfied with a Decision of the Court must file a motion for reconsideration or new trial within fifteen (15) days from receipt thereof, and we quote:

> **Rule 15**
> **Motion for Reconsideration or New Trial**
>
> **Section 1.** *Who may and when to file motion.* – Any aggrieved party may seek a reconsideration or new trial of any decision, resolution or order of the Court by filing a motion for reconsideration or new trial within **fifteen days from the date of receipt of notice of the decision**, resolution or order of the Court in question. *(Emphasis supplied)*

Records show that petitioner personally and electronically filed the instant *Motion for Reconsideration* on April 14, 2025, hence timely filed.

We now proceed to rule on the arguments of petitioner.

Petitioner claims that it properly mailed and filed an administrative claim for refund via LBC on June 22, 2018 followed by a letter on April 10, 2019 via registered mail, hence it was erroneous on the part of the Court to dismiss its Petition for Review for lack of jurisdiction.

After considerable review and re-evaluation of the evidence at hand, the Court finds merit in the arguments of petitioner.

The Court in the assailed Amended Decision, based its conclusion on the evidence offered by petitioner during trial and made the following findings relative to the alleged proof of receipt by the LBC,[3] thus:

1. The copy of the proof of receipt of the LBC alleged to prove the filing of petitioner's claim for refund, lacks any stamp receipt bearing the name of the addressee, i.e., BIR RDO No. 23-B, Liwag Blvd., Burgos Avenue, 3100, Cabanatuan City;

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[3] Exhibit "P-10", Volume I, Division Docket, pp. 406-407.

2. It does not specifically indicate the type of document contained in the mail that was allegedly sent to the said addressee; and

3. Petitioner "failed to present any other evidence or witness that could prove how, to whom, and when, such delivery of the June 18, 2018 refund letter has been made, apart from the said supposed LBC proof of receipt."

As to the follow-up letter allegedly sent by petitioner on April 11, 2019 via registered mail, the Court in the assailed Decision, found that it was *returned to petitioner* for the reason that the addressee (RDO No. 23B) had already moved out as testified to by Mr. Odillo Neil N. Garcia, Administrative Services Officer III of the Office of the General Counsel and Legal Services of the Bangko Sentral ng Pilipinas (BSP).

In the present *Motion for Reconsideration*, petitioner disputes the finding of the Court that the LBC proof of receipt did not specifically indicate what type of document was contained in said mail matter. It points out that the LBC proof of receipt refers to a reference number AMD-032317-73 which is the same reference number indicated at the bottom portion of BSP's letter dated June 18, 2018[4] purportedly pertaining to the administrative claim for refund. Petitioner further reiterates that the LBC proof of receipt shows that the letter dated June 18, 2018 was delivered to RDO No. 23B on June 22, 2018 as evidenced by the stamp "received by MARYANN G. SALAZAR, OIC Chief Administrative Section" with date "6/22/18", a point that was never disputed by respondent nor contradicted by convincing evidence *a contrari.*

Furthermore, the follow-up letter dated April 10, 2025 corroborates petitioner's earlier letter seeking its administrative claim for refund, regardless of non-receipt by respondent. What is material is the proof of delivery of such letter by petitioner to respondent.[5]

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[4] Exhibit "P-9", Volume I, Division Docket, pp. 404-405.
[5] Exhibit "P-11", Volume I, Division Docket, p. 408.

Verily, the Court agrees with the petitioner and finds that a prior claim for refund was timely filed with RDO No. 23B[6] prior to the filing of its judicial appeal.

We now proceed to rule on the substantive merits of petitioner's claim for refund which is the subject of the Petition for Review filed with the Court in Division.

To recall, the Rural Bank of San Miguel secured an emergency loan from petitioner and executed several "Promissory Note with Trust Receipt and Deed of Assignment" in favor of BSP.[7] Due to its failure to pay its obligations under the emergency loan, the mortgaged properties were foreclosed.[8] BSP was deemed the highest bidder in the foreclosure sale of a property covered by a Transfer Certificate of Title (TCT) No. T-82886 located in Nueva Ecija.[9]

Petitioner paid the capital gains tax (CGT) due on the foreclosure sale but the BIR, through RDO No. 23B additionally assessed it of documentary stamp tax (DST) in the amount of Php24,684.92. To ensure that petitioner's rights over the property are established, it paid the DST *under protest* because of its position that said transaction is exempt from the payment of DST based on Section 199 of the 1997 National Internal Revenue Code (NIRC), as amended. It paid the amount of Php24,684.92 through Credit Advice Ticket Number 13560 dated July 7, 2019 to the Treasurer of the Philippines.[10]

Apropos, the instant claim for refund of alleged erroneously paid DST by petitioner is premised on its alleged exemption from the payment of DST relative to the property it acquired in a foreclosure sale.

In brief, DST is in the nature of an excise tax. It is not imposed upon the business transacted but is an excise tax upon the privilege, opportunity of facility offered at exchanges for the transactions of the business.[11]

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[6] Exhibit "P-9", Volume I, Division Docket, pp. 404-405.
[7] Petition for Review, paragraph 16, Volume I, Division Docket, pp. 10-25.
[8] Petition for Review, paragraph 17, Volume I, Division Docket, pp. 10-25.
[9] Exhibit "P-3", Volume I, Division Docket, pp. 394-396.
[10] Exhibit "P-16", Volume I, Division Docket, pp. 412-414.
[11] *Commissioner of Internal Revenue vs. Heald Lumber Company*, G.R. No. L-16340, February 29, 1964.

Section 196 of the 1997 NIRC, as amended, provides for the type of documents and transactions that may be subject to DST, thus:

> Section 196. *Stamp tax on Deeds of Sale, Conveyances and Donation of Real Property.-* On all conveyances, donations, deeds, instruments, or writings, other than grants, patents or original certificates of adjudication issued by the Government, whereby any land, tenement, or other realty sold shall be granted, assigned, transferred, donated or otherwise conveyed to the purchaser, or purchasers, or to any other person or persons designated by such purchaser or purchasers, or donee, there shall be collected a documentary stamp tax, at the rates herein below prescribed, based on the consideration contracted to be paid for such realty or on its fair market value determined in accordance with Section 6(E) of this Code, whichever is higher: *Provided,* That when one of the contracting parties is the Government, the tax herein imposed shall be based on the actual consideration:
>
> xxx xxx xxx

However, Section 199(l) of the same Code, clearly provides for several exemptions from the payment of DST, one of which refers to herein petitioner BSP, and we quote:

> Section 199. *Documents and Papers Not Subject to Stamp Tax.-* The provisions of Section 173 to the contrary, notwithstanding, the following instruments, documents and papers shall be exempt from the documentary stamp tax:
>
> (l) All contracts, deeds, documents and transactions related to the conduct of business of the *Bangko Sentral ng Pilipinas.*

Under its charter specifically Section 84 of Republic Act (RA) No. 7653 or the New Central Bank Act, BSP is authorized to grant emergency loans and advances to banks secured by real estate mortgage. Consequentially, if deemed to be the highest bidder in foreclosure sales of unpaid loans, it may acquire real properties as part of the conduct of its business, thus falling squarely within the exemption mentioned in said Section 199(l) of the 1997 NIRC, as amended.

We find it appropriate to quote the ruling of the Court in CTA *EB* No. 2231 (CTA Case No. 9478) promulgated on April 18, 2022,[12] when it similarly found BSP to be exempt from the payment of DST on properties acquired by BSP *via* foreclosure sales, to wit:

> In the instant case, the consolidation of title of real properties acquired by petitioner is part of the conduct of its business. **Hence, it is without a doubt that the assessment and collection of the subject DST is erroneous considering the clear and categorical language of the law that "all contracts, deeds, documents and transactions related to the conduct of business of the BSP" are exempt from DST**. *(Emphasis supplied)*

WHEREFORE, premises considered, petitioner's *Motion for Reconsideration (of the Amended Decision dated 24 March 2025)* is **GRANTED**.

Accordingly, the dispositive portion of the Amended Decision dated March 24, 2025, is hereby amended to read as follows:

> **WHEREFORE**, premises considered, the present Petition for Review is **GRANTED**.
>
> Accordingly, respondent is **ORDERED TO REFUND OR ISSUE A TAX CREDIT CERTIFICATE** in favor of petitioner, the amount of Php24,684.92 representing petitioner's erroneously paid DST on the foreclosure sale of the subject property.
>
> **SO ORDERED**.

SO ORDERED.

CATHERINE T. MANAHAN
Associate Justice

[12] *Bangko Sentral ng Pilipinas vs. Commissioner of Internal Revenue.*

WE CONCUR:

ROMAN G. DEL ROSARIO
Presiding Justice

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

CERTIFICATION

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

ROMAN G. DEL ROSARIO
Presiding Justice