REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

COMMISSIONER OF INTERNAL REVENUE, Petitioner,	**CTA EB NO. 2585** (CTA Case No. 9815)
	Present:
- versus -	**DEL ROSARIO,** *PJ,* **RINGPIS-LIBAN, MANAHAN, BACORRO-VILLENA, MODESTO-SAN PEDRO, REYES-FAJARDO, CUI-DAVID, FERRER-FLORES,** *and* **ANGELES** *JJ.*
CAPITOL STEEL CORPORATION, Respondent.	Promulgated: JUL 08 2025 1:15 pm

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RESOLUTION

FERRER-FLORES, J.:

For the Court's resolution is petitioner's **Motion for Reconsideration [re: Decision dated 25 April 2024]** *(MR)* filed on May 17, 2024,[1] without respondent's comment per Records Verification Report dated March 3, 2025.[2] The dispositive portion of the assailed Decision dated April 25, 2024 reads:

> **WHEREFORE**, in light of the foregoing considerations, the Petition for Review is **DENIED** for lack of merit. Accordingly, the assailed Decision dated June 30, 2021 and Resolution dated March 3, 2022, both rendered by the Court First Division in CTA Case No. 9815 are **AFFIRMED**.
>
> **SO ORDERED.**

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[1] Rollo, pp. 115-124.
[2] *Id.* at 138.

In his *MR*, petitioner avers that his right to due process was violated when the Court invalidated the assessment for the reason that the assessment notices did not indicate the due date for the payment of the assessed deficiency taxes. He points out that the issue was never raised by respondent in its *Petition for Review* before the Court in Division nor was the same brought up in the Pre-Trial Conference. Petitioner, thus, argues that it was denied procedural and substantive due process as he was not given the opportunity to be heard on the said issue.

Likewise, petitioner still insists that the assessments issued against respondent are valid. Section 228 of the National Internal Revenue Code (NIRC) of 1997, as amended, provides only three requirements in order that the assessment be valid, to wit: 1) the taxpayer must be informed of the findings of petitioner; 2) the notice must be in writing; and, 3) such notice must contain the facts and the law on which the assessment is made. The assessment issued supposedly sufficiently complied with the said requirements.

Finally, petitioner submits that the doctrine laid down in the decision of the Supreme Court in *Commissioner of Internal Revenue vs. Fitness by Design, Inc.*[3] (Fitness by Design case) should be revisited. A careful perusal of the wordings in the Fitness by Design case reveals that the *ratio decidendi* is related, if not based, mainly on the decision of the Supreme Court in the case of *Commissioner of Internal Revenue vs. Menguito*[4] (Menguito case). For petitioner, the ruling in Menguito case was misapplied in Fitness by Design case.

In fine, petitioner maintains that, since the failure to state the due date of payment of taxes was not disputed by respondent in this case, the only issue left to be determined is whether the assessment in the Formal Letter of Demand, Final Assessment Notices, and Final Decision on Disputed Assessment has factual and legal bases.

We resolve.

The Court finds no merit in petitioner's *MR*. There is, thus, no compelling reason to reverse or modify the assailed Decision dated April 25, 2024.

At the outset, the Court notes that petitioner's argument that his right to due process was violated was not raised in his *Petition for Review* before the Court *En Banc*. The instant *Petition for Review* mainly argued that, despite

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[3] G.R. No. 215957, November 9, 2016.
[4] G.R. No. 167560, September 17, 2008.

the lack of due date, the assessment issued against respondent remains valid. Nevertheless, We will address the same.

Petitioner's averment is specious. It is well-settled that, in resolving tax cases, this Court 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.[5] In *Prime Steel Mill, Incorporated vs. Commissioner of Internal Revenue*[6], the Supreme Court elucidated:

> For tax cases before the CTA, the Court pronounced in *Commissioner of Internal Revenue v. Eastern Telecommunications Phils., Inc.* that "[t]he appellate court may, in the interest of justice, properly take into consideration in deciding the case **matters of record** having some bearing on the issue submitted which the parties failed to raise or the lower court ignored, although they have not been specifically raised as issues by the pleadings. This is in consonance with the liberal spirit that pervades the Rules of Court, and the modern trend of procedure which accord the courts broad discretionary power, consistent with the orderly administration of justice, in the decision of cases brought before them."
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> Conspicuously, it is this same spirit of liberality which impelled the Court to recognize that the CTA may even consider issues not specifically raised by the parties at all in the disposition of tax cases so long as the same is related to the principal issue for its resolution and is necessary to achieve an orderly disposition of the matter at hand.

In the proceedings before the court *a quo,* the lone issue stipulated by the parties was whether or not respondent is liable for the assessed deficiency taxes. Logically, the validity of the assessment is vital in resolving whether respondent should be held liable for the assessed deficiency taxes. This is premised on the basic truism that a void assessment bears no valid fruit.[7] The Court First Division's ruling that the assessment issued by petitioner suffers a fatal defect, albeit not specifically raised as an issue, is in consonance with the orderly administration of justice.

Similarly, petitioner's insistence that the assessment is valid despite the lack of due date is bereft of merit. The Court affirms that the *ratio decidendi* in Fitness by Design case applies in this case. To stress, a final assessment is a notice to the effect that the amount therein stated is due as tax and a demand for payment thereof. This demand for payment signals the time when penalties and interests begin to accrue against the taxpayer and enabling the latter to determine his remedies. Thus, it must be sent to and received by the

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5 *Commissioner of Internal Revenue vs. Lancaster Philippines, Inc.*, G.R. No. 183408, July 12, 2017, citing Section 1, Rule 14 of A.M. No. 05-11-07-CTA or the Revised Rules of the Court of Tax Appeals.

6 G.R. No. 249153, September 12, 2022.

7 *Prime Steel Mill, Incorporated vs. Commissioner of Internal Revenue*, G.R. No. 249153, September 12, 2022.

taxpayer, and must demand payment of the taxes described therein within a specific period.[8]

Finally, it must be remembered that this Court is bound to adhere to prevailing jurisprudence. Whether or not the doctrine laid down in the Fitness by Design case needs to be revisited is beyond what the Court can deliberate upon. In *San Miguel Corporation vs. Commissioner of Internal Revenue*,[9] the Supreme Court elucidated:

> Article 8 of the Civil Code provides that "judicial decisions applying or interpreting the law shall form part of the legal system of the Philippines and shall have a force of law." The interpretation placed upon a law by a competent court establishes the contemporaneous legislative intent of the law. Thus, such interpretation constitutes a part of the law as of the date the statute is enacted. Judicial decisions, though not laws, are nonetheless evidence of what the laws mean, and it is for this reason that they are part of the legal system of the Philippines. Judicial decisions of the Supreme Court assume the same authority as the statute itself.

As petitioner's *MR* failed to present matters warranting reconsideration from this Court, there is no compelling purpose for the Court to elaborate further on the issues already addressed only to affirm the assailed Decision.

WHEREFORE, premises considered, petitioner's **Motion for Reconsideration [re: Decision dated 25 April 2024]** is **DENIED** for lack of merit.

SO ORDERED.

CORAZON G. FERRER-FLORES
Associate Justice

WE CONCUR:

ROMAN G. DEL ROSARIO
Presiding Justice

[8] *Supra* at note 3.
[9] *San Miguel Corporation vs. Commissioner of Internal Revenue; Commissioner of Internal Revenue vs. San Miguel Corporation*, G.R. Nos. 257697 and 259446, April 12, 2023.

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

CATHERINE T. MANAHAN
Associate Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

ON LEAVE
MARIAN IVY F. REYES-FAJARDO
Associate Justice

LANEE S. CUI-DAVID
Associate Justice

HENRY S. ANGELES
Associate Justice