REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

GREAT LANDHO, INC., TT&T DEVELOPMENT, INC., and TAMA PROPERTIES, INC.,
Petitioners,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA EB No. 2869
(CTA Case No. 10184)

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COMMISSIONER OF INTERNAL REVENUE,
Petitioner,

- versus -

GREAT LANDHO, INC., TT&T DEVELOPMENT, INC., AND TAMA PROPERTIES, INC.,
Respondents.

CTA EB No. 2870
(CTA Case No. 10184)

Present:

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

Promulgated:
APR 06 2026 4:15 pm

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RESOLUTION

REYES-FAJARDO, *J.*:

We resolve:

1. *Motion for Partial Reconsideration (Re: Resolution [sic] dated 21 July 2025)*[1] filed by Great Landho, Inc., (GLI), TT&T Development, Inc., (TDI), and Tama Properties, Inc., (TPI) (collectively, the Corporations)' on August 13, 2025, with the Commissioner of Internal Revenue (CIR)'s *Comment and Opposition (Re: Motion for Partial Reconsideration dated 12 August 2025)*[2] filed on September 8, 2025; and,

2. *Motion for Reconsideration (Re: Decision promulgated on 21 July 2025)*[3] filed by CIR on August 4, 2025, with the Corporations' *Comment and Opposition (Re: Respondent's Motion for Reconsideration dated 04 August 2025)*[4] filed on November 26, 2025.

On July 21, 2025, the Court promulgated a Decision,[5] affirming with modification the Decision dated August 4, 2023, and Resolution dated January 25, 2024 of the Court of Tax Appeals Special Second Division. The *fallo* of which reads:[6]

> **WHEREFORE**, the Petitions for Review in CTA EB Nos. 2869 and 2870 are **DENIED**, for lack of merit. The Decision dated August 4, 2023 and Resolution dated January 25, 2024 in CTA Case No. 10184, are **AFFIRMED** with **MODIFICATION**. Accordingly, the *fallo* of the Decision dated August 4, 2023 in CTA Case No. 10184, shall be read as follows:
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> > **WHEREFORE**, premises considered, the instant Petition for Review filed by petitioners Great Landho, Inc., TT&T Development, Inc. and Tama Properties, Inc. on 10 October 2019, is hereby **PARTIALLY GRANTED**. Accordingly, respondent Commissioner of Internal Revenue is **ORDERED** to refund or issue a tax credit certificate in favor of petitioner TT&T Development, Inc. In the total amount of **P12,360,422.40**, representing erroneously collected CWT.

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1 *Rollo*, pp. 159 - 168.
2 *Id.*, pp. 171 - 179.
3 *Id.*, pp. 142 - 155.
4 *Id.*, pp. 185 - 192.
5 *Id.*, pp. 109 - 130.
6 *Id.*, p. 128.

SO ORDERED.

SO ORDERED.

The Court's ruling is two-pronged: (1) denial of the Corporations' claim for refund of Documentary Stamp Tax (DST), and (2) grant of their claim for refund of Creditable Withholding Tax (CWT). As to DST, the Court held that it was validly imposed upon the execution of the Deeds of Absolute Sale, notwithstanding TDI's and GLI's subsequent mutual revocation and cancellation of the Deeds of Sale covering the parcels of land prior to the transfer of title. The later cancellation did not render the DST erroneously or illegally collected; hence, no tax refund thereof may be granted. On the other hand, the Court found that a refund of the CWT is proper. By mutual revocation and cancellation of the Deeds of Absolute Sale, the parties are restored to their original situation, thereby extinguishing their obligations to one another. As such, no withholding obligation has arisen, and the CWT withheld and remitted is an illegal or erroneous tax, subject to tax refund.

Undaunted, both parties filed their respective Motions for Partial Reconsideration. The Corporations seek reversal of the denial of their DST refund claim, while the CIR assails the grant of the CWT refund.

After due consideration of the parties' arguments, We find no cogent reason to disturb the assailed Decision.

The denial of the DST Refund is proper.

In its Motion for Partial Reconsideration (Re: Resolution [*sic*] dated 21 July 2025), the Corporations insist that DST should attach only upon actual conveyance of the properties, and that the subsequent mutual recission of the Deeds of Absolute Sale extinguished any DST liability, there being allegedly no subsisting conveyance to which the tax could attach.

The CIR through its Comment and Opposition (Re: Motion for Partial Reconsideration dated 12 August 2025),[7] counters that DST is an excise tax on the privilege, opportunity, or facility afforded by law

[7] *Supra* at note 2.

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to enter into certain transactions, and that the tax attaches upon the execution of the taxable instrument itself, regardless of the ultimate fate or legal status of the underlying contract.

The Corporations' position is unavailing.

We already ruled, citing *Philippine Home Assurance Corporation v. Commissioner of Internal Revenue (PHAC)*,[8] that imposing DST is "an exercise upon the privilege, opportunity or facility offered at exchanges for the transaction of the business...[I]t is immaterial whether the transfer of the account constituted a sale."

In *PHAC*, the Supreme Court also categorically held that DST attaches upon the issuance or execution of a specific instrument, independently, "without regard to whether the contracts which gave rise to them are rescissible, void, voidable, or unenforceable."

The Corporations cannot take shelter behind the alleged absence of a perfected conveyance to evade liability for the documentary stamp tax. Once the instrument is executed, the tax immediately attaches as an excise on the privilege of entering into the transaction.

Moreover, they cannot salvage their position by invoking rescission of the Deeds of Absolute Sale. DST attaches independently upon the execution of the Deeds of Absolute Sale, without regard to the contract's validity. Its purported legal status does not render the DST imposed erroneous or illegal. Thus, the DST is lawfully levied.

The refund of CWT is proper.

The CIR in its Motion for Reconsideration (Re: Decision promulgated on 21 July 2025), contends that the CWT was not erroneously or illegally collected taxes and that the Corporations failed to discharge the burden of proving their entitlement to a tax refund, considering that claims for tax refunds are construed strictly against the taxpayer.

In contrast, the Corporations assert that the Court committed no reversible error in granting the subject tax refund.

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[8] G.R. No. 119446, January 21, 1999.

We sustain the grant of the CWT refund.

Under Section 2.57.2(J) of Revenue Regulation No. 2-98,[9] the obligation to withhold arises only where there is a sale, exchange, or transfer of real property classified as ordinary asset. Here, however, the Court found that GLI and TDI subsequently executed a Revocation/Cancellation of Deed of Absolute Sale for the subject properties, by virtue of which they mutually extinguished their obligations and restored themselves to their original situation as if no sale had been perfected.

Absent any subsisting sale or transfer between GLI and TDI, no obligation to withhold CWT could validly arise. The CWT withheld and remitted by GLI was therefore an illegal or erroneous tax, being levied or collected *sans* statutory authority.

WHEREFORE, Great Landho, Inc., TT&T Development, Inc., and Tama Properties, Inc.'s *Motion for Partial Reconsideration (Re: Resolution [sic] dated 21 July 2025)*, and the Commissioner of Internal Revenue's *Motion for Reconsideration (Re: Decision promulgated on 21 July 2025* are **DENIED**. The Decision promulgated on July 21, 2025 is **AFFIRMED.**

SO ORDERED.

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

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

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[9] SUBJECT: Implementing Republic Act No. 8424, "An Act Amending the National Internal Revenue Code, as Amended" Relative to the Withholding on Income Subject to the Expanded Withholding Tax and Final Withholding Tax, Withholding of Income Tax on Compensation, Withholding of Creditable Value-Added Tax and Other Percentage Taxes.

I reiterate my CDO
JEAN MARIE A. BACORRO-VILLENA
Associate Justice

I reiterate my concurrence with CDO of J. Manahan
MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

I reiterate my concurrence with J. Villena's CDO
LANEE S. CUI-DAVID
Associate Justice

I reiterate my vote in the assailed decision
CORAZON G. FERRER-FLORES
Associate Justice

I reiterate my vote joining the CDO of Justice Villena
HENRY S. ANGELES
Associate Justice