REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

SPECIAL SECOND DIVISION

GENERAL ELECTRIC COMPANY,
Petitioner,

vs.

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA CASE NO. 11153

Present:

RINGPIS-LIBAN, *P.J., Chairperson,*
MODESTO-SAN PEDRO, and
FERRER-FLORES, *JJ.*

Promulgated:

2:35 pm

x - x

RESOLUTION

FERRER-FLORES, J.:

For this Court's resolution is respondent's **Motion for Reconsideration** filed on January 29, 2026, with petitioner's **Comment (Re: Motion for Reconsideration dated 29 January 2026)** filed on March 30, 2026.

On December 2, 2025, the Court promulgated a Decision (assailed Decision) granting petitioner's claim for refund of its erroneously paid capital gains tax (CGT), the dispositive portion of which reads as follows:

> **WHEREFORE**, in light of the foregoing considerations, the present **Petition for Review** is **GRANTED**.
>
> Accordingly, respondent Commissioner of Internal Revenue is **ORDERED TO REFUND** or **ISSUE A TAX CREDIT CERTIFICATE** in favor of petitioner the amount of **₱235,654,874.05**, representing petitioner's erroneously paid capital gains tax on its sale of shares in General Electric Philippines, Inc. to General Electric International (Benelux) B.V., by virtue of its exemption pursuant to the RP-US Tax Treaty.
>
> **SO ORDERED.**

In his *Motion*, respondent maintains that the Court is without jurisdiction over the case on the ground that petitioner prematurely filed its petition or failed to exhaust administrative remedies before elevating the case to this Court.

Respondent reiterates that, under the doctrine of exhaustion of administrative remedies, before a party is allowed to seek intervention of the court, he or she should have availed himself or herself of all means of administrative processes afforded him or her. According to respondent, non-exhaustion of available administrative remedies is fatal to the resort to judicial action.

Moreover, respondent insists that the filing of a Petition for Review before this Court must arise from the denial by respondent of petitioner's claim or respondent's inaction, which is deemed a denial of the claim. Respondent points out that the denial by the Bureau of Internal Revenue (BIR) - Revenue District Office (RDO) No. 39 is not a denial of petitioner's claim but a denial due to petitioner's failure to provide the complete documents necessary to properly evaluate its application. Respondent stresses that such failure to submit relevant documents or the Certificate of Entitlement (COE) deprived respondent of the opportunity and time to study petitioner's claim for refund and to fully exercise its function. Allegedly, due to the premature resort to judicial action, petitioner effectively prevented respondent from accurately determining its entitlement to a refund, and inappropriately shifted to this Court the burden of resolving issues that are within the primary jurisdiction of the BIR.

Lastly, respondent emphasizes that the Supreme Court has held, time and again, that tax refunds are in the nature of tax exemptions which must be construed *strictissimi juris* against the taxpayer and liberally in favor of the government.

On the other hand, in its *Comment*, petitioner asserts that respondent merely reiterated its previous arguments, which were already completely and exhaustively discussed by the Court in the assailed Decision.

Petitioner posits that a "decision" or "inaction deemed denial" by the respondent on an administrative claim for refund of erroneously paid taxes is not a pre-requisite to the filing of a judicial claim for refund. Petitioner contends that there was no failure on its part to exhaust administrative remedies prior to its judicial recourse to the Court as the law only requires that the administrative claim be filed within two years from payment of the tax. According to petitioner, it faithfully complied with the text of Section 229 of the National Internal Revenue Code (NIRC) of 1997, as amended.

After due consideration, the Court finds respondent's *Motion for Reconsideration* devoid of merit.

A cursory reading of the present *Motion for Reconsideration* would reveal that the grounds raised by respondent were substantial repetitions of the arguments raised in his *Answer* which have been thoroughly addressed and passed upon by the Court in the assailed Decision.

As held in the assailed Decision, Section 229 of the NIRC of 1997, as amended, only requires that an administrative claim be priorly filed. The only requirement for a judicial claim of tax credit/refund to be maintained is that a claim of refund or credit has been filed before the respondent; there is no mention in the law that the claim before the respondent should be acted upon first before a judicial claim may be filed.[1]

Noteworthy is the Supreme Court's declaration in *Commissioner of Internal Revenue vs. Goodyear Philippines, Inc.*,[2] that a tax claimant is allowed to file its judicial claim even without waiting for the resolution of its administrative claim in order to prevent the prescription of its claim. The ruling of the Supreme Court in *CBK Power Company Limited vs. Commissioner of Internal Revenue, et seq.*[3] is likewise instructive on the matter, to wit:

> With respect to the remittance filed on March 10, 2003, the Court agrees with the ratiocination of the CTA *En Banc* in debunking the alleged failure to exhaust administrative remedies. **Had CBK Power awaited the action of the Commissioner on its claim for refund prior to taking court action knowing fully well that the prescriptive period was about to end, it would have lost not only its right to seek judicial recourse but its right to recover the final withholding taxes it erroneously paid to the government thereby suffering irreparable damage**.
>
> Also, while it may be argued that, for the remittance filed on June 10, 2003 that was to prescribe on June 10, 2005, CBK Power could have waited for, at the most, three (3) months from the filing of the administrative claim on March 4, 2005 until the last day of the two-year prescriptive period ending June 10, 2005, that is, if only to give the BIR at the administrative level an opportunity to act on said claim, the Court cannot, on that basis alone, deny a legitimate claim that was, for all intents and purposes, timely filed in accordance with Section 229 of the NIRC. **There was no violation of Section 229 since the law, as worded, only requires that an administrative claim be priorly filed**.

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1 *Commissioner of Internal Revenue vs. Philippine Bank of Communications*, G.R. No. 211348, February 23, 2022.
2 G.R. No. 216130, August 3, 2016.
3 G.R. Nos. 193383-84, January 14, 2015.

In the foregoing instances, attention must be drawn to the Court's ruling in *P.J. Kiener Co., Ltd. v. David* (Kiener), wherein it was held that in no wise does the law, *i.e.*, Section 306 of the old Tax Code (now, Section 229 of the NIRC), imply that the Collector of Internal Revenue first act upon the taxpayer's claim, and that the taxpayer shall not go to court before he is notified of the Collector's action. In Kiener, the Court went on to say that the claim with the Collector of Internal Revenue was intended primarily as a notice of warning that unless the tax or penalty alleged to have been collected erroneously or illegally is refunded, court action will follow, *viz.*:

> The controversy centers on the construction of the aforementioned section of the Tax Code which reads:
>
> xxx
>
> To this end, and bearing in mind that the Legislature is presumed to have understood the language it used and to have acted with full idea of what it wanted to accomplish, it is fair and reasonable to say without doing violence to the context or either of the two provisions, that by the first is meant simply that the Collector of Internal Revenue shall be given an opportunity to consider his mistake, if mistake has been committed, before he is sued, but not, as the appellant contends that pending consideration of the claim, the period of two years provided in the last clause shall be deemed interrupted. **Nowhere and in no wise does the law imply that the Collector of Internal Revenue must act upon the claim, or that the taxpayer shall not go to court before he is notified of the Collector's action.** x x x. **We understand the filing of the claim with the Collector of Internal Revenue to be intended primarily as a notice of warning that unless the tax or penalty alleged to have been collected erroneously or illegally is refunded, court action will follow**. *(Emphasis and underscoring supplied)*

Here, petitioner paid the CGT on the subject transaction on **August 24, 2022**[4] and, thus, had two years therefrom, or until **August 24, 2024**, to file the administrative and judicial claims. Petitioner filed its administrative claim for refund with the BIR on **January 20, 2023**,[5] while the judicial claim was filed on **May 12, 2023**.[6] Clearly, both claims for refund were seasonably filed within the two-year prescriptive period, regardless of action or inaction deemed denial by the respondent. So long as both administrative and judicial claims are lodged within the two-year reglementary period with the former preceding the latter, the taxpayer-claimant cannot be considered to have failed to exhaust administrative remedies.

[4] Exhibits "P-7", "P-8" and "P-28", Docket – Vol. II, pp. 826 to 830 and 1045, respectively.
[5] Exhibit "P-20", BIR Records, pp. 328 to 334.
[6] Docket – Vol. I, pp. 6 to 24.

Finally, inasmuch as the grounds presently raised in the *Motion for Reconsideration* have been sufficiently considered, if not squarely addressed, in the assailed Decision, it behooves movant to convince the Court that certain findings or conclusions in the Decision are contrary to law. While, by its very nature, a motion for reconsideration may tend to dwell on issues already resolved in the decision, and that this should not be an obstacle for a reconsideration, the hard reality is that movant has failed to raise matters substantially plausible or compellingly persuasive to warrant the desired course of action.[7]

In view of the foregoing, there being no new matter or substantial issue raised by respondent in his *Motion for Reconsideration*, the Court finds no compelling reason to reverse or modify the conclusions reached in the Decision promulgated on December 2, 2025.

ACCORDINGLY, respondent's **Motion for Reconsideration** is **DENIED** for lack of merit.

SO ORDERED.

CORAZON G. FERRER-FLORES
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

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[7] *Shangri-La International Hotel Management Ltd., et al. vs. Developers Group of Companies, Inc.*, G.R. No. 159938, January 22, 2007.