REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

THIRD DIVISION

PEOPLE OF THE PHILIPPINES,
Plaintiff,

- versus -

REX CHUA CO HO,
No. 952 Ongpin Street, Sta. Cruz, Manila,
Accused.

CTA Crim. Case Nos. O-287, O-288, O-289, O-290, and O-291

For: Violation of Section 255 of the NIRC of 1997, as amended.

Members:

UY, *Chairperson,*
RINGPIS-LIBAN, *and*
MODESTO-SAN PEDRO, *JJ.*

Promulgated:

OCT 21 2019
11:00 a.m.

x - x

AMENDED DECISION

UY, J.:

For resolution is accused's ***Motion for Partial Reconsideration of the Decision dated 17 January 2019*** incorporated in his "**Application to Admit Accused under Probation with Motion for Partial Reconsideration of the Civil Aspect in the Decision dated 17 January 2019**"[1] filed on February 1, 2019, with plaintiff's "**Comment (Re: Application to Admit Accused under Probation with Motion for Partial Reconsideration of the Civil Aspect in the Decision dated 17 January 2019)**"[2] filed on March 11, 2019, and "**Accused's Reply (Re: Plaintiff's Comment dated 11 March 2019)**"[3] filed on April 17, 2019.

[1] Docket (Vol. 17), pp. 8652 to 8676.
[2] Docket (Vol. 17), pp. 8679 to 8684.
[3] Docket (Vol. 17), pp. 8691 to 8700.

In the said Motion, accused prays for reconsideration of the *civil aspect* of the Court's Decision dated January 17, 2019, the dispositive portion of which reads:

> "**WHEREFORE**, in light of the foregoing, accused Rex Chua Co Ho is hereby found **GUILTY BEYOND REASONABLE DOUBT** of violating Section 255 of the NIRC of 1997, as amended, in **CTA Crim. Cases Nos. O-287, O-288, O-289, O-290, and O-291.** For each of the consolidated criminal cases, he is hereby sentenced to an indeterminate penalty of one (1) year, as minimum, to two (2) years as maximum term of imprisonment, and to pay a fine in the amount of ₱ 10,000.00, with subsidiary imprisonment pursuant to Section 280 of the NIRC of 1997, as amended, in the event that accused Co Ho has no property with which to meet the fines imposed upon him, or is unable to pay such fines.
>
> With regard to the civil liability, Accused Rex Chua Co Ho, is hereby **ORDERED TO PAY** the total amount of **₱8,320,758,893.88**, for taxable years 2005 to 2009, inclusive of the 50% penalty imposed under Section 248 (B) of the NIRC of 1997, as amended, and twenty percent (20%) deficiency interest and delinquency interest imposed under Sections 248(A) and 249(B) and (C), of the NIRC of 1997, as amended, respectively, computed until December 31, 2017, as follows:

	Taxable Years					**Total**
	2005	**2006**	**2007**	**2008**	**2009**	
Basic Tax Due	₱67,005,404.14	₱133,109,256.36	₱397,556,469.18	₱367,062,471.64	₱618,820,929.12	₱1,583,554,530.44
50% Surcharge	33,502,702.07	66,554,628.18	198,778,234.59	183,531,235.82	309,410,464.56	791,777,265.22
Sub-Total	₱100,508,106.21	₱199,663,884.54	₱596,334,703.77	₱550,593,707.46	₱928,231,393.68	₱2,375,331,795.66
Add: 20% Deficiency Interest						
From April 16, 2006 to January 1, 2014 (₱67,005,404.14 x 20% x 2,818/365)	103,463,687.05					103,463,687.05
From April 16, 2007 to January 1, 2014 (₱133,109,256.36 x 20% x 2,453/365)		178,913,427.86				178,913,427.86
From April 16, 2008 to January 1, 2014 (₱397,556,469.18 x 20% x 2,087/365)			454,630,329.41			454,630,329.41
From April 16, 2009 to January 1, 2014 (₱367,062,471.64 x 20% x 1,722/365)				346,346,069.13		346,346,069.13
From April 16, 2010 to January 1, 2014 (₱618,820,929.12 x 20% x 1,357/365)					460,131,507.30	460,131,507.30
Total Amount Due, January 1, 2014	**₱203,971,793.26**	**₱378,577,312.40**	**₱1,050,965,033.18**	**₱896,939,776.59**	**₱1,388,362,900.98**	**₱3,918,816,816.41**

NO

Add: 20% Deficiency Interest						
From January 2, 2014 to December 31, 2017 (1460 days)						
(₱67,005,404.14 x 20% x 1460/365)	53,604,323.31					53,604,323.31
(₱133,109,256.36 x 20% x 1460/365)		106,487,405.09				106,487,405.09
(₱397,556,469.18 x 20% x 1460/365)			318,045,175.34			318,045,175.34
(₱367,062,471.64 x 20% x 1460/365)				293,694,977.31		293,694,977.31
(₱618,820,929.12 x 20% x 1460/365)					495,056,743.30	495,056,743.30
Add: 20% Delinquency Interest						
From January 2, 2014 to December 31, 2017 (1460 days)						
(₱203,971,793.26 x 20% x 1460/365)	163,177,434.61					163,177,434.61
(₱378,577,312.40 x 20% x 1460/365)		302,861,849.92				302,861,849.92
(₱1,050,965,033.18 x 20% x 1460/365)			840,772,026.54			840,772,026.54
(₱896,939,776.59 x 20% x 1460/365)				717,551,821.27		717,551,821.27
(₱1,388,362,900.98 x 20% x 1460/365)					1,110,690,320.78	1,110,690,320.78
Total Amount Due on December 31, 2017	**₱420,753,551.18**	**₱787,926,567.41**	**₱2,209,782,235.06**	**₱1,908,186,575.17**	**₱2,994,109,965.06**	**₱8,320,758,893.88**

In addition, accused Rex Chua Co Ho is **ORDERED TO PAY** the delinquency interest at the rate of twelve percent (12%), on the total unpaid amount as of January 1, 2014 in the amount of **₱3,918,816,816.41**, as determined above, computed from January 1, 2018 until full payment thereof pursuant to Section 249(C) of the Tax Code, as amended by RA No. 10963 and implemented by RR No. 21-2018.

SO ORDERED."

In support of his Motion, accused argues that:

1. The Court erred in finding that accused is civilly liable to pay ₱8,320,758,893.88 for taxable years 2005 to 2009 and delinquency interest of the rate twelve percent (12%), on the total unpaid amount as of January 1, 2014 in the amount of ₱3,918,816.41, computed from January 1, 2018 until full payment thereof, since it utterly disregarded to consider accused's evidence proving his costs/expenses which positively rendered the questioned civil liability grossly excessive and tantamount to confiscation of property in violation of accused's right to due process.

MO

2. The BIR failed to factor in its computation accused's costs and expenses in his sales of gold to the BSP. It also failed to recognize that accused incurred heavy losses considering that his costs of sale of gold to the BSP is higher than the consideration he received from the BSP for said sale.

3. The Court may have disregarded accused's evidence proving his costs and expenses in the subject transaction since the same was purportedly not supported by evidence showing his actual expenses. However, the Court failed to consider that in a number of cases, where no records are available, the taxpayer may still prove by other evidence that the deductions were paid or incurred and are allowable.

4. Assuming *arguendo* that the evidence presented by the accused is not considered by the Court as credible, fairness and common sense dictates that there must be at least costs and expenses to be deducted from accused's tax liability.

5. Section 4 of R.A. No. 7496 provides that individuals whose cost of goods sold and direct costs are difficult to determine, a maximum of forty percent (40%) of their gross receipts shall be allowed as deductions to answer for business or professional expenses as the case may be. Thus, the Court should, at the very least, consider deducting from accused's tax liability the maximum of forty percent (40%) of the income received from BSP to answer for business expenses incurred by accused in his gold trading transaction.

In its Comment, plaintiff counters that:

1. The civil liability of accused is well-grounded by evidence and supported by numerous documents. The computation was based on the total gold sales transactions of accused as supported by the certification issued by the BSP for taxable years 2005 to 2009.

2. Accused incurred income from his gold sales transactions with the BSP and the income was not reflected in his annual income tax return for taxable years 2005 to 2009.

3. Accused also failed to present a single receipt or document to substantiate his expenses. As testified to by the Independent Certified Public Accountant, "for costs to be recognized, it is required that the transactions shall be substantiated by receipts, invoices, or any other document, that will prove that the transaction actually existed and it was properly valued."

4. Accused was given ample opportunity to refute his civil liability by submitting or presenting documents and evidence to prove that he is not civilly liable, yet has failed to do so.

In his Reply, accused contends that:

1. The BIR's computation of accused's alleged tax obligation was solely based on the records of the BSP, and nothing more. The BIR erroneously declared the entire amount paid by BSP to accused on these questioned transactions as the latter's income without taking into consideration his costs and expenses incurred.

2. Being a mere gold trader and not a miner, accused incurred substantial expenses in acquiring and processing the gold in order to transform them into a form that is prescribed and that is acceptable to BSP. The said costs and expenses were refining charges, cost of acquiring gold products from pawnshops and similar sources, and other ordinary and necessary expenses. These expenses were blatantly disregarded and were never deducted from the total amount received by accused from BSP.

3. The BIR's computation, which was made basis of accused's questioned civil liability, was erroneous since said amount, in effect, arbitrarily imposed tax not only on accused's profits, if any, but also on his capital.

4. The BIR never considered in its tax assessment that accused, during the subject periods, never actually generated taxable income, as he was operating at a loss.

5. Due to this erroneous computation, accused, a breadwinner of his family, who only owns a small business, Rex Gift Store, and who incurred substantial losses in his gold trading business, was erroneously adjudged liable to pay a basic tax due of P1,583,554,530.44 and total civil liability of P8,320,758,893.88 plus delinquency interest. Said amounts were grossly disproportionate to accused's business and transactions. Clearly, the same is patently and strikingly unfair, unjust and arbitrary, in clear violation of accused's constitutional right to due process.

6. Assuming that the evidence presented by the accused, proving his cost of sales in the subject transaction with BSP is unsatisfactory, fairness and common sense dictates that there must be costs and expenses to be deducted to accused's tax liability.

7. Section 4 of R.A. No. 7496 provides that individuals whose cost of goods sold and direct costs are difficult to determine, a maximum of forty percent (40%) of their gross receipts shall be allowed as deductions to answer for business or professional expenses as the case may be.

THE COURT'S RULING

Accused's Motion is partly meritorious.

After a careful examination and consideration of the accused's Motion, it is noted that the arguments with regard to the credibility of the evidence presented by the accused concerning his civil liability is a mere reiteration of matters which have already been considered, weighed and resolved in the assailed Decision. Thus, We shall not belabor, in this Resolution, to repeat the disquisitions made therein.

Section 4 of R.A. No. 7496, has already been repealed by R.A. No. 8424, as amended.

Anent, however, the issue on the reduction of civil liability on the basis of Section 4[4] of R.A. No. 7496,[5] accused states that when the cost of goods sold and direct costs are difficult to determine, a maximum of forty percent (40%) of their gross receipts shall be allowed as deductions to answer for business or professional expenses as the case may be.

We are not swayed.

R.A. No. 7496, which was approved on May 15, 1992, was the law regarding the adoption of a *Simplified Net Income Taxation Scheme for Self-Employed and Professionals Engaged in the Practice of Their Profession.*

Section 5 of R.A. No. 7496, states:

> "***SEC. 5***. The opening paragraph of Section 29 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

---

[4] It should be Section 5 of R.A. No. 7496.

[5] An Act Adopting the Simplified Net Income Taxation Scheme for the Self-Employed and Professionals Engaged in the Practice of Their Profession, Amending Sections 21 and 29 of the National Internal Revenue Code, as Amended.

rd

> In computing taxable income subject to tax under Sections 21(a); 24(a), (b), and (c); and 25(a)(1), there shall be allowed as deductions the items specified in paragraphs (a) to (i) of this section: Provided however, That, in computing taxable income subject to tax under Section 21(f) in the case of individuals engaged in business or practice of profession, only the following direct costs shall be allowed as deductions:
>
> (a) Raw materials, supplies and direct labor;
>
> xxx xxx xxx
>
> For individuals whose cost of goods sold and direct costs are difficult to determine, including professionals as herein defined, a maximum of forty percent (40%) of their gross receipts shall be allowed as deductions to answer for business or professional expenses as the case may be."

It should be noted, however, that the said provision was not retained by R.A. No. 8424, as amended, entitled "An Act Amending the National Internal Revenue Code, As Amended, and for Other Purposes," otherwise known as the "Tax Reform Act of 1997," which took effect on January 1, 1998.

Under Section 34 of NIRC of 1997, as amended, the allowable deductions from gross income are now limited to the following: (A) Expenses [1) Ordinary and Necessary Trade, Business or Professional Expenses and 2) Expenses Allowable to Private Educational Institutions]; (B) Interest; (C) Taxes; (D) Losses; (E) Bad Debts; (F) Depreciation; (G) Depletion of Oil and Gas Wells and Mines; (H) Charitable and Other Contributions; (I) Research and Development; (J) Pension Trusts; (K) Additional Requirements for Deductibility of Certain Payments; (L) Optional Standard Deduction; M) Premium Payments on Health and/or Hospitalization Insurance of an Individual Taxpayer.

Moreover, Section 34 (A) (b) of the NIRC of 1997, as amended, categorically states that "[n]o deduction from gross income shall be allowed under Subsection (A) hereof unless the taxpayer shall substantiate with sufficient evidence, such as official receipts or other adequate records: (i) the amount of the expense being deducted, and (ii) the direct connection or relation of the expense being deducted to the development, management, operation and/or conduct of the trade, business or profession of the taxpayer."

On the basis of the foregoing provision of the NIRC of 1997, as amended, a taxpayer is not only limited to specific allowable deductions from gross income, but are also required to first present proper substantiation thereof. Hence, under the current law, there is no longer a provision for a blanket deduction of forty percent (40%) of gross receipts, for business or professional expenses of individuals whose costs of goods sold and direct costs are difficult to determine.

According to the rule of *casus omissus* in statutory construction, a thing omitted must be considered to have been omitted intentionally.[6] Considering that the subject matter covered by R.A. No. 7496, is contrary to, or inconsistent with the provisions of R.A. No. 8424, as amended, the same is deemed repealed, amended, or modified, in accordance with Section 291 of the Tax Reform Act of 1997, as amended, which reads:

> "**Title XIII – Repealing Provisions**
>
> **SEC. 291.** ***In General***. – All laws, decrees, executive orders, rules and regulations or parts thereof which are contrary to or inconsistent with this Code are hereby repealed, amended or modified accordingly."

The foregoing constitutes an implied repeal, considering that the later act covers the whole subject of the earlier one, and is clearly intended as a substitute, to wit:

> This is what is known as an implied repeal. Repeal by implication proceeds on the premise that where a statute of later date clearly reveals an intention on the part of the legislature to abrogate a prior act on the subject, that intention must be given effect. There are two categories of implied repeal. The first is where the provisions in the two acts on the same subject matter are in an irreconcilable conflict, the latter act to the extent of the conflict constitutes an implied repeal of the earlier one. The second is if the later act covers the whole subject of the earlier one and is clearly intended as a substitute, it will operate to repeal the earlier law. The second category of repeal is only possible if the revised statute was intended to cover the whole subject matter and as a complete and perfect system in itself. It is the rule that a subsequent statute is deemed to repeal a prior law if the former revises the whole subject matter of the

---

[6] *Spouses Nereo and Nieva Delfino vs. St. James Hospital, Inc., et al.*, G.R. No. 166735, September 5, 2006.

former statute."[7]

Thus, the aforecited provision of R.A. No. 7496 can no longer be successfully invoked in this case.

Section 2.4 (c) of Revenue Memorandum Circular No. 23-00 allows for an assessment based on estimate, and the use of the 50% rule, in the absence of receipts to prove actual amount of expense deduction.

Revenue Memorandum Circular No. 23-00 enumerates the "*Existing Revenue Procedures on the Assessment of Deficiency Internal Revenue Taxes Based on the 'Best Evidence Obtainable.'*" Section 1 thereof, states that in the absence of accounting records or other documents necessary for the proper determination of the taxpayer's internal revenue tax liability, Section 6 (B) of the NIRC of 1997, as amended, requires that the assessment of tax be determined based on the "Best Evidence Obtainable," to wit":

> **"SECTION 1.** ***Scope***. — It has been observed that a very significant number of taxpayers either refuse or fail to present their respective accounting records when demanded for tax audit purposes, thereby resulting to the delay in the submission of the Revenue Officer's report of investigation as required by the existing Audit Program and inconsistency in the determination of the deficiency internal revenue tax that may properly be assessed and demanded from the taxpayer, to the damage and prejudice against the revenue.
>
> In the absence of accounting records or other documents necessary for the proper determination of the taxpayer's internal revenue tax liability, Section 6 (B) of the National Internal Revenue Code of 1997 requires that the assessment of the tax be determined based on the "*Best Evidence Obtainable*," as follows:
>
>> *"When a report required by law as a basis for the assessment of any national internal revenue tax shall not be forthcoming within the time fixed by laws or rules and*

[7] *Id.*

PO

> *regulations or when there is reason to believe that any such report is false, incomplete or erroneous, the Commissioner shall assess the proper tax on the best evidence obtainable.*"

Corollary thereto, Section 2.3 of the subject RMC, states that an assessment based on the best evidence obtainable is justified when: 1) the report or records requested from the taxpayer are not forthcoming, *i.e.*, the records are lost; refusal of the taxpayer to submit such records; or 2) the reports submitted are false, incomplete or erroneous.

In case any of the two circumstances are present, the Revenue Officer should proceed to determine the taxpayer's deficiency internal revenue tax liability in accordance with the "Best Evidence Obtainable." For easy reference, Section 2.4 of RMC No. 23-00 enumerates the "*Existing Revenue Procedures and Jurisprudence Governing Assessment Based on the Best Evidence Obtainable*," to wit:

> "**2.4 *Existing Revenue Procedures and Jurisprudence Governing Assessment Based on the Best Evidence Obtainable*.** — Provided hereunder are the existing revenue procedures and jurisprudence governing issuance of a deficiency tax assessment based on the best evidence obtainable:
>
> xxx xxx xxx
>
> **(c) *Assessment Based on Estimate; 50% Rule, in the Absence of Receipts to Prove Actual Amount of Expense Deduction*.** — The Court held in the Mariano Zamora case that, <u>if there is a showing that expenses have been incurred but the exact amount thereof cannot be ascertained due to absence of documentary evidence, it is the duty of the BIR to make an estimate of the deduction that may be allowable in computing the taxpayer's taxable income, bearing heavily against the taxpayer whose inexactitude is of his own making. That disallowance of 50% of the taxpayer's claimed deduction is valid.</u>
>
> "It is alleged by Mariano Zamora that the CTA erred in disallowing P10,478.50 as promotion expenses incurred by his wife for the promotion of the Bay View Hotel and Farmacia Zamora. He contends that the whole

pn

amount of P20,957.00, as promotion expenses in his 1951 income tax returns, should be allowed and not merely one-half of it or P10,478.50, on the ground that, while not all the itemized expenses are supported by receipts, the absence of some supporting receipts has been sufficiently and satisfactorily established. For, as alleged, the said amount of P20,957.00 was spent by Mrs. Esperanza A. Zamora (wife of Mariano),during her travel to Japan and the United States to purchase machinery for a new Tiki-Tiki plant, and to observe hotel management in modern hotels. The CTA, however, found that for said trip, Mrs. Zamora obtained only the sum of P5,000.00 from the Central Bank and that in her application for dollar allocation, she stated that she was going abroad on a combined medical and business trip, which facts were not denied by Mariano Zamora. No evidence had been submitted as to where Mariano had obtained the amount in excess of P5,000.00 given to his wife which she spent abroad. No explanation had been made either that the statement contained in Mrs. Zamora's application for dollar allocation that she was going abroad on a combined medical and business trip, was not correct. The alleged expenses were not supported by receipts. Mrs. Zamora could not even remember how much money she had when she left abroad in 1951, and how the alleged amount of P20,957.00 was spent.

Section 30 of the Tax Code provides that in computing net income, there shall be allowed as deductions all the ordinary and necessary expenses paid or incurred during the taxable year, in carrying on any trade or business *(Vol. 4, Mertens, Law of Federal Income Taxation, sec. 25.03, p.307*). Since promotion expenses constitute one of the deductions in conducting a business, same must satisfy these requirements. Claims for the deduction of promotion expenses or entertainment expenses must also be substantiated or supported by record showing

> in detail the amount and nature of the expense incurred (*N.H. Van Sicklen, Jr. vs. Comm. of Int. Rev., 33 BTA 544*). Considering, as heretofore stated, that the application of Mrs. Zamora for dollar allocation shows that she went abroad on a combined medical and business trip, not all of her expenses came under the category of ordinary and necessary expenses; part thereof constituted her personal expenses. There having been no means by which to ascertain which expense was incurred by her in connection with the business of Mariano Zamora and which was incurred for her personal benefit, the Collector and the CTA in their decisions, considered 50% of the said amount of P20,957.00 as business expense and the other 50%, as her personal expense. <u>We hold that said allocation is very fair to Mariano Zamora, there having been no receipt whatsoever, submitted to explain the alleged business expenses, or proof of the connection which said expenses had to the business or the reasonableness of the said amount of P20,957.00</u>. While in situations like the present, absolute certainty is usually not possible, <u>the CTA should make as close an approximate as it can, bearing heavily, if it chooses, upon the taxpayer whose inexactness is of his own making</u>." *(Underscoring supplied.)*

In this case, accused was unable to present any accounting records or receipts to substantiate his expenses relating to the sale of gold to the BSP. Thus, the Revenue Officers were justified in making an assessment based on the Best Evidence Obtainable.

However, since accused is a gold trader, and not a miner, it is reasonable to acknowledge that accused incurred expenses, despite the absence of receipts. Thus, Section 2.4 (c) of RMC No. 23-00, otherwise known as the "50% Rule," should be applied, even in the absence of receipts to prove actual amount of expense deduction. In this case, this Court resolves to apply the said "50% Rule" in favor of the accused and hereby reduces his civil liability accordingly.

WHEREFORE, in light of the foregoing considerations, the instant Motion for Reconsideration is **PARTIALLY GRANTED**. The dispositive portion of the Decision dated January 17, 2019 is hereby **AMENDED** to read as follows:

> "**WHEREFORE**, in light of the foregoing, accused Rex Chua Co Ho is hereby found **GUILTY BEYOND REASONABLE DOUBT** of violating Section 255 of the NIRC of 1997, as amended, in **CTA Crim. Cases Nos. O-287, O-288, O-289, O-290, and O-291.** For each of the consolidated criminal cases, he is hereby sentenced to an indeterminate penalty of one (1) year, as minimum, to two (2) years as maximum term of imprisonment, and to pay a fine in the amount of ₱ 10,000.00, with subsidiary imprisonment pursuant to Section 280 of the NIRC of 1997, as amended, in the event that accused Co Ho has no property with which to meet the fines imposed upon him, or is unable to pay such fines.
>
> With regard to the civil liability, Accused Rex Chua Co Ho, is hereby **ORDERED TO PAY** the total amount of **₱4,167,196,761.50**, for taxable years 2005 to 2009, inclusive of the 50% penalty imposed under Section 248 (B) of the NIRC of 1997, as amended, and twenty percent (20%) deficiency interest and delinquency interest imposed under Sections 248(A) and 249(B) and (C), of the NIRC of 1997, as amended, respectively, computed until December 31, 2017, as follows:

	Taxable Year					**Total**
	2005	**2006**	**2007**	**2008**	**2009**	
Gold Delivered and Sold to BSP	**₱207,945,323.17**	**₱414,228,805.17**	**₱1,240,686,746.34**	**₱1,145,350,719.77**	**₱1,932,757,566.50**	**₱4,940,969,160.95**
Less: Costs and Expenses: 50% of Gold Delivered and Sold to the BSP						
50% x ₱207,945,323.17	103,972,661.59					103,972,661.59
50% x ₱414,228,805.17		207,114,402.59				207,114,402.59
50% x ₱1,240,686,746.34			620,343,373.17			620,343,373.17
50% x ₱1,145,350,719.77				572,675,359.89		572,675,359.89
50% x ₱1,932,757,566.50					966,378,783.25	966,378,783.25
Gross Income	103,972,661.58	207,114,402.58	620,343,373.17	572,675,359.88	966,378,783.25	2,470,484,580.46
Add: Income Declared Per Return	1,591,797.32	1,895,501.46	1,819,934.40	1,869,879.11	1,217,212.01	8,394,324.30
Total	105,564,458.90	209,009,904.04	622,163,307.57	574,545,238.99	967,595,995.26	2,478,878,904.76
Less: Personal Deduction	32,000.00	32,000.00	32,000.00	41,000.00	50,000.00	187,000.00
Net Taxable income	**105,532,458.90**	**208,977,904.04**	**622,131,307.57**	**574,504,238.99**	**967,545,995.26**	**2,478,691,904.76**
Tax Due:						
On the First 500,000.00	125,000.00	125,000.00	125,000.00	125,000.00	125,000.00	625,000.00

32% in Excess Thereof						
32% x (105,532,458.90 less 500,000.00)	33,610,386.85					33,610,386.85
32% x (208,977,904.04 less 500,000.00)		66,712,929.29				66,712,929.29
32% x (622,131,307.57 less 500,000.00)			198,922,018.42			198,922,018.42
32% x (574,504,238.99 less 500,000.00)				183,681,356.48		183,681,356.48
32% x (967,545,995.26 less 500,000.00)					309,454,718.48	309,454,718.48
Total Tax Due	33,735,386.85	66,837,929.29	199,047,018.42	183,806,356.48	309,579,718.48	793,006,409.52
Less: Tax Due Per Return	1,234.42	5,281.76	428.66	-	-	6,944.84
Basic Income Tax Due	**33,734,152.43**	**66,832,647.53**	**199,046,589.76**	**183,806,356.48**	**309,579,718.48**	**792,999,464.68**
50% Surcharge	16,867,076.22	33,416,323.77	99,523,294.88	91,903,178.24	154,789,859.24	396,499,732.34
Sub-Total	50,601,228.65	100,248,971.30	298,569,884.64	275,709,534.72	464,369,577.72	1,189,499,197.03
Add: 20% Deficiency Interest						
From April 16, 2006 to January 1, 2014 (₱33,734,152.43 x 20% x 2818/365)	52,089,228.28					52,089,228.28
From April 16, 2007 to January 1, 2014 (₱66,382,647.53 x 20% x 2453/365)		89,830,402.43				89,830,402.43
From April 16, 2008 to January 1, 2014 (₱199,046,589.76 x 20% x 2087/365)			227,622,045.37			227,622,045.37
From April 16, 2009 to January 1, 2014 (₱183,806,356.48 x 20% x 1722/365)				173,432,627.89		173,432,627.89
From April 16, 2010 to January 1, 2014 (₱309,579,718.48 x 20% x 1357/365)					230,191,604.39	230,191,604.39
Total Amount Due, January 1, 2014	**102,690,456.93**	**190,079,373.73**	**526,191,930.01**	**449,142,162.61**	**694,561,182.11**	**1,962,665,105.39**
Add: 20% Deficiency Interest From January 2, 2014 to December 31, 2017 (1,460 days)						
(₱33,734,152.43 x 20% x 1460/365)	26,987,321.96					26,987,321.96
(₱66,832,647.53 x 20% x 1460/365)		53,466,118.04				53,466,118.04
(₱199,046,589.76 x 20% x 1460/365)			159,237,271.80			159,237,271.80
(₱183,806,356.48 x 20% x 1460/365)				147,045,085.20		147,045,085.20
(₱309,579,718.48 x 20% x 1460/365)					247,663,774.80	247,663,774.80
Add: 20% Delinquency Interest From January 2, 2014 to December 31, 2017 (1460 days)						
(₱102,690,456.93 x 20% x 1460/365)	82,152,365.56					82,152,365.56
(₱190,079,373.73 x 20% x 1460/365)		152,063,498.98				152,063,498.98
(₱526,191,930.01 x 20% x 1460/365)			420,953,544.01			420,953,544.01
(₱449,142,162.61 x 20% x 1460/365)				359,313,730.08		359,313,730.08
(₱694,561,182.11 x 20% x 1460/365)					555,648,945.68	555,648,945.68
Total Amount Due on December 31, 2017	**₱211,830,144.45**	**₱395,608,990.75**	**₱1,106,382,745.82**	**₱955,500,977.89**	**₱1,497,873,902.59**	**₱4,167,196,761.50**

M

In addition, accused Rex Chua Co Ho is **ORDERED TO PAY** the delinquency interest at the rate of twelve percent (12%), on the total unpaid amount as of January 1, 2014 in the amount of **₱1,962,665,105.39**, as determined above, computed from January 1, 2018 until full payment thereof pursuant to Section 249(C) of the Tax Code, as amended by RA No. 10963 and implemented by RR No. 21-2018.

SO ORDERED."

SO ORDERED.

ERLINDA P. UY
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

ATTESTATION

I attest 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's Division.

ERLINDA P. UY
Associate Justice
Chairperson

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 Amended Decision were reached in consultation before the cases were assigned to the writer of the opinion of the Court.

ROMAN G. DEL ROSARIO
Presiding Justice