REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

SPECIAL THIRD DIVISION

IBMS TECHNOLOGY PHILS. CORPORATION, Petitioner,	**CTA CASE NO. 10177**
	Present:
vs.	**RINGPIS-LIBAN**, *Chairperson*, **MODESTO-SAN PEDRO**, and **FERRER-FLORES**, JJ.
COMMISSIONER OF INTERNAL REVENUE, Respondent.	Promulgated: AUG 29 2024 1:00 p.m.

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RESOLUTION

FERRER-FLORES, J.:

For the Court's resolution is respondent Commissioner of Internal Revenue's (CIR) *Motion for Reconsideration* filed through registered mail on April 16, 2024,[1] assailing the Decision dated March 15, 2024 (assailed Decision), with petitioner's *Comment/Opposition (To respondent's Motion for Reconsideration dated April 16 2024)* filed on April 29, 2024.[2]

Respondent CIR prays for the dismissal of the *Petition for Review* for lack of merit based on the following grounds:

1) The Honorable Court erred in ruling that the deficiency value-added tax (VAT) for the first three (3) quarters, and expanded withholding tax (EWT) and withholding tax on compensation (WTC) deficiency assessment for the months of January to June and August to October of taxable year (TY) 2015 have already prescribed; and,

[1] Docket Vol. 3, pp. 1318-1327.
[2] *Id.*, at. Pp.1329-1332.

2) The Honorable Court erred in ruling that the Final Assessment Notice (FAN) is void for failure to state definite amount of tax liability for which petitioner is accountable as well as the due date for payment.

In support of the above-enumerated grounds, respondent avers that – *first,* the deficiency assessments are valid considering that petitioner failed to specifically identify the transactions that fall under the months that have already prescribed; *second,* the government is not estopped by the mistakes made by its employees in indicating as due date "7 January 2018" which is clearly a typographical error; *third,* that the Assessment Notice contained a definite due date on which the tax deficiencies are due; and, *fourth,* petitioner never questioned the alleged absence of a definite due date in the FAN; thus, the Court cannot grant a relief that was not prayed for.

Petitioner, on the other hand, counters that the arguments raised by respondents were already exhaustively passed upon by the Court and there is no reason to reconsider the Decision dated March 15, 2024.

We resolve.

The Court finds no merit in respondent's *Motion for Reconsideration.*

Anent respondent's *first* and *fourth* averments, jurisprudence is settled that the Court has the discretion to rule on matters albeit not specifically prayed for if the same is necessary to achieve an orderly disposition of the matter at hand. For emphasis, the Court reiterates the decision in *Prime Steel Mill, Incorporated vs. Commissioner of Internal Revenue*[3], to wit:

> 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. *(Emphasis and italics in the original)*
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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

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[3] G.R. No. 249153, September 12, 2022.

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> 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.

Following the Supreme Court pronouncement above, the Court can very well determine the issue on prescription of the items in the assessment based on evidence presented, especially since that would result in the judicious disposition of the case.

In a similar vein, respondent's *second* and *third* arguments are untenable. The Court holds that the Supreme Court ruling in *Commissioner of Internal Revenue vs. Fitness By Design, Inc.* (*Fitness By Design* case)[4] is applicable in this case. In his bid to assail the Decision, respondent focuses his assertion that there is a definite due date indicated, as opposed to the *Fitness By Design* case.

As found by the Court in the assailed Decision, the FAN was issued on December 7, 2018 and the due date indicated therein was January 7, 2018. The Court extensively discussed in the said assailed Decision that, even considering the due date of January 7, 2019, the Court still cannot accord validity to the FAN as the total amount due cannot be ascertained. The 12% interest was computed up to January 11, 2019, which is *four days* beyond the supposed due date of January 7, 2019. Respondent made no justification as to why the interest was computed longer than the due date. As tackled in the assailed Decision, the discord in the computation of the interest vis-à-vis the deadline for payment negates the definiteness of the total amount due. Assuming the taxpayer adheres to pay on the indicated due date, it will be paying for more interest than should have accrued, or otherwise be burdened to have the tax liability adjusted to correspond to the correct amount of interest.

Again as elucidated in the *Fitness By Design* case, a final assessment notice provides for the **amount of tax due** with a demand for payment. This is to determine the amount of tax due to a taxpayer. In this case, the amount of tax due does not accurately correspond to the deadline for payment given; therefore, the same remains to be indefinite.

Taxes are the lifeblood of the government and should be collected without hindrance. However, the collection of taxes should be exercised "reasonably and in accordance with the prescribed procedure."[5]

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4 G.R. No. 215957, November 9, 2016.

5 *Commissioner of Internal Revenue vs. Fintness by Design, Inc.*, G.R. No. 215957, November 9, 2016.

The essential nature of taxes for the existence of the State grants government with vast remedies to ensure its collection. However, taxpayers are guaranteed their fundamental rights to due process of law, as articulated in various ways in the process of tax assessment. After all, the State's purpose is to ensure the well-being of its citizens, not simply to deprive them of their fundamental rights.[6]

Accordingly, the Court finds no cogent reason to reverse or modify the assailed Decision.

WHEREFORE, in view of the foregoing, respondent's *Motion for Reconsideration* is **DENIED** for lack of merit.

SO ORDERED.

CORAZON G. FERRER-FLORES
Associate Justice

WE CONCUR:

ON LEAVE
MA. BELEN M. RINGPIS-LIBAN
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

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6 *Id.*