REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

En Banc

COMMISSIONER OF INTERNAL REVENUE,
Petitioners,

-versus-

HEALTH PLAN PHILIPPINES, INC.,
Respondent.

CTA *EB* NO. 3134
(CTA Case No. 10262)

Present:

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

Promulgated:
DEC 05 2025 1:20

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DECISION

MODESTO-SAN PEDRO, J.:

The Case

Before the Court is a Petition for Review, filed via registered mail on May 13, 2025, assailing the Decision, dated December 4, 2024, and Resolution, dated March 31, 2025, both rendered by this Court's First Division ("Court in Division"), cancelling and setting aside petitioner's assessment for alleged deficiency taxes for fiscal year ("FY") 2011 against respondent.

The Parties[1]

Petitioner is the duly appointed Commissioner of Internal Revenue ("CIR") with the authority to carry out the functions, duties, and responsibilities of said office, including, among others, the power to decide disputed assessments.

Respondent is a corporation duly organized and existing under the laws of the Philippines, engaged in the business of providing medical and health maintenance services.

The Facts

Petitioner issued Letter of Authority ("LOA") No. 43A-2011-00000732/eLA201000064853 on November 4, 2011, authorizing the examination of respondent's books of account for all internal revenue taxes of FY 2011. Respondent received the LOA on November 18, 2011.[2]

Respondent then received a Notice of Informal Conference on August 9, 2012.[3]

About a year and a half later, respondent received a Preliminary Assessment Notice ("PAN") on January 7, 2014. Eight days later, and before it was able to reply to the PAN, it received a Final Assessment Notice and Formal Letter of Demand ("FAN/FLD") on January 15, 2014. Aggrieved, petitioner filed a Protest to the PAN and FAN/FLD on January 21, 2014.[4]

The assessment notices were soon followed by a Preliminary Collection Notice, received on June 24, 2014 by respondent, who later sent a letter-reply to the same.[5]

Respondent then received two letters from the Bureau of Internal Revenue ("BIR"): the first on February 10, 2015, informing it that its case was sent to Revenue District Office No. 43-A for evaluation, and the second on August 20, 2015, stating that its case was forwarded to Revenue Region No. 7 for the issuance of a Final Decision on Disputed Assessment ("FDDA").[6]

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1 Decision, dated December 4, 2024, p. 2, *Rollo*, p. 16.
2 Decision, dated December 4, 2024, pp. 2-3, *id.* at 16-17.
3 Decision, dated December 4, 2024, p. 3, *id.* at 17.
4 *Id.*
5 Decision, dated December 4, 2024, pp. 3-4, *id.* at 17-18.
6 Decision, dated December 4, 2024, p. 4, *id.* at 18.

On January 27, 2020, respondent received a Letter deeming its protest to the PAN and FLD/FAN invalid, effectively denying the same.[7]

Still aggrieved, respondent filed a Petition for Review before the Court in Division on February 26, 2020. Petitioner filed his Answer on September 1, 2020.[8]

After a full-blown trial, the Court in Division rendered the assailed Decision on December 4, 2024, granting the Petition and setting aside petitioner's assessment against respondent for FY 2011. Petitioner challenged this ruling via a Motion for Reconsideration, filed via licensed courier on December 18, 2024,[9] but the Court in Division denied the Motion through the assailed Resolution on March 31, 2025.

These adverse rulings prompted petitioner to file a Motion for Extension of Time to File Petition for Review[10] on April 25, 2025. The Court *En Banc* granted the Motion in a Minute Resolution, dated April 28, 2025,[11] on the condition that the Motion was actually filed on time.

Finally, on May 13, 2025, petitioner filed the instant Petition via registered mail. The Court *En Banc* received it on May 21, 2025, while respondent filed its Comment[12] to the Petition on July 14, 2025 via licensed courier. With the filing of respondent's Comment, the Court *En Banc* submitted the case for study and report through a Minute Resolution[13] on September 17, 2025.

Hence, this Decision.

The Assigned Error

The sole error alleged by petitioner is that the Court in Division erred in ruling that petitioner violated respondent's due process rights by failing to wait for the lapse of the 15-day period from respondent's receipt of the PAN before issuing a FAN/FLD.

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7 Decision, dated December 4, 2024, pp. 4-5, *id.* at 18-19.
8 Decision, dated December 4, 2024, p. 5, *id.* at 19.
9 Resolution, dated March 31, 2025, p. 1, *id.* at 43.
10 *Id.* at 1-2.
11 *Id.* at 5.
12 *Id.* at 55-65.
13 *Id.* p. 69.

The Arguments

Petitioner argues that the presence of "a slight infirmity" in the date of his issuance of the FAN/FLD did not violate respondent's due process rights as the essence of due process is satisfied when the taxpayer is notified of the charge against it and is given an opportunity to explain or defend itself.

Respondent disagrees. It first questions the validity of the present Petition, observing that respondent failed to fully comply with *Rule 6, Section 2 of the Revised Rules of the Court of Tax Appeals, as amended* ("*RRCTA*"). It then argues against the Petition's substance, contending that (1) a failure to comply with the 15-day grace period does, in fact, violate a taxpayer's right to due process; and (2) in any event, the evidence present before the Court in Division sufficiently proves that respondent is not liable for the assessed deficiency taxes.

The Ruling of the Court

The Petition for Review concerns a subject under Our jurisdiction and was timely filed.

Under *Rule 4, Section 2(a) of the RRCTA*, this Court *En Banc* can take cognizance of appeals from the rulings of the Court in Division in cases arising from administrative agencies. As to how such an appeal is to be filed, *Rule 8, Section 3(b) of the RRCTA* requires that a party adversely affected by a ruling of the Court in Division file its petition for review before the Court *En Banc* within 15 days from receipt of said ruling. The same provision also allows for the extension of the 15-day period by no more than 15 additional days.

Here, petitioner is assailing the ruling of the Court in Division, which cancelled and set aside his assessment against petition for FY 2011. It thus falls under *Rule 4, Section 2(a) of the RRCTA*, giving Us jurisdiction over its subject matter.

As for the timeliness of petition's filing, petitioner received the assailed March 31, 2025 Resolution on April 10, 2025. This gave him until April 25, 2025 within which to file a petition. To recall, he instead filed a Motion for Extension of Time to File Petition for Review on April 25, 2025, praying that he be given until May 12, 2025 within which to file his petition, May 10 falling on a Saturday. Notably, May 12, 2025 was later declared a holiday via *Proclamation No. 878*, dated May 6, 2025, in light of the national and local elections held on that day, meaning petitioner actually had until May 13, 2025 within which to appeal the Court in Division's ruling.

Petitioner filed the present Petition via registered mail on May 13, 2025. Given that (1) its subject matter is under Our jurisdiction; and (2) it was timely filed, the Court *En Banc* seems to have full jurisdiction over this case.

This, however, is mistaken, due to a deficiency in the Petition itself.

The Petition for Review lacks a concise statement of the complete facts and is thus noncompliant with the RRCTA.

Rule 6, Section 2 of the RRCTA lays down a number of requirements for petitions for review filed before this Court:

> SEC. 2. Petition for review; contents. — The petition for review shall contain allegations showing the jurisdiction of the Court, *a concise statement of the complete facts* and a summary statement of the issues involved in the case, as well as the reasons relied upon for the review of the challenged decision. The petition shall be verified and must contain a certification against forum shopping as provided in Section 3, Rule 46 of the Rules of Court. A clearly legible duplicate original or certified true copy of the decision appealed from shall be attached to the petition.
> (Italics supplied.)

As observed by respondent, the instant Petition lacks a statement of the relevant facts. While it contains a section with the header "Statement of Material Dates", the narration there covers only (1) the issuance of the assailed Decision and Resolution; (2) petitioner's filing of his Motion for Extension of Time; and (3) the declaration of May 12, 2025 as a holiday. The facts are used to establish the timeliness of the Petition's filing and thus fall under "allegations showing the jurisdiction of the Court".

In the quoted provision, however, such allegations on jurisdiction are treated as separate from a statement of facts. The phrases "allegations showing the jurisdiction of the Court" and "a concise statement of the complete facts" are separated by a comma, implying that these are two distinct discussions. The listing of dates in the Petition, included purely to allege Our jurisdiction over this case, consequently cannot be considered a concise statement of complete facts.

Indeed, even if We were to consider it a statement of relevant facts, it would still be insufficient, as it does not cover the most important events of this case. It does not cover petitioner's issuance of the PAN and FLD/FAN or respondent's receipt of these, for example.

Considering this non-compliance with the required contents of a Petition for Review, the instant Petition is invalid. We thus have no jurisdiction over it and must dismiss the case.

The Court shall nevertheless discuss the merits of the Petition. After all, even if We applied the rules liberally and accepted the Petition, We would still have to deny the same for lack of merit.

Respondent's failure to respect the 15-day grace period constitutes a violation of petitioner's right to due process.

To recall, petitioner's argument against the Court in Division's ruling is that due process is allegedly satisfied if the taxpayer is notified of the assessment and is given an opportunity to explain itself. A "slight infirmity" in this regard, such as not waiting for the end of a given period, is not enough to overturn an assessment.

The argument is bereft of merit.

The seventh and eighth paragraphs of *Section 228 of the National Internal Revenue Code of 1997, as amended* ("*NIRC*"), require that (1) a taxpayer be informed in writing of the basis for the assessment against it; and (2) the taxpayer be given an opportunity to respond to the notice "[w]ithin a period to be prescribed by implementing rules and regulations."

As discussed by the Court in Division in the assailed Decision, *Section 3.1.1 of Revenue Regulations* ("*RR*") *No. 12-99, as amended by RR No. 18-13*, is the rule and regulation that implements the relevant period. Said provision gives taxpayers 15 days from receipt of a PAN to respond before being considered in default.

This 15-day grace period is of utmost importance. In *Commissioner of Internal Revenue v. Yumex Philippines Corporation*,[14] the Supreme Court voided an assessment as therein taxpayer received the PAN and FLD/FAN against it on the same day. To the Supreme Court's eyes, it did not matter if

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14 G.R. No. 222476, May 5, 2021.

the CIR mailed the PAN and the FLD/FAN on different days, or if therein taxpayer was eventually able to protest the assessment, or even if therein taxpayer partially paid the taxes assessed. The crux of the matter is that the CIR did not respect the 15-day grace period: this constituted a violation of the taxpayer's due process rights and consequently rendered the assessment void.

The point was emphatically reiterated in *Prime Steel Mill, Incorporated v. Commissioner of Internal Revenue*:[15]

> In several cases, this Court has enjoined strict observance by the BIR of the prescribed procedure for the issuance of assessment notices in order to uphold the taxpayers' constitutional rights.
>
> In the oft-cited case of Commissioner of Internal Revenue v. Metro Star Superama, Inc., the Court held that the sending of a PAN is part and parcel of the due process requirement in the issuance of a deficiency tax assessment and the BIR must strictly comply with the requirements laid down by the law and by its own rules.
>
> The importance of the PAN stage of the assessment process cannot be discounted as it presents an opportunity for both the taxpayer and the BIR to settle the case at the earliest possible time without need for the issuance of a FAN.
>
> In the very recent case of Commissioner of Internal Revenue v. Yumex Philippines Corp., the Court had occasion to state that *the 15-day period provided under Revenue Regulations No. 12-99 for a taxpayer to reply to a PAN should also be strictly observed by the BIR*. The Court highlighted that "*[o]nly after receiving the taxpayer's response or in case of the taxpayer's default can respondent issue the FLD/FAN.*"
>
> While Yumex rests on slightly different factual circumstances, it may nevertheless apply analogously to the case at bench. *There can be no substantial compliance with the due process requirement when the BIR completely ignored the 15-day period by issuing the FAN and FLD even before petitioner was able to submit its Reply to the PAN.*
>
> As the Court also held in Yumex, "[t]hat [the taxpayer] was able to file a protest to the FLD/FAN is of no moment." "Sec. 3.1.2 of RR No. 12-99 explicitly grants the taxpayer fifteen (15) days from receipt of the PAN to file a response."
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> In the same vein, it is beside the point that petitioner was able to submit a "well-prepared protest letter." *The fact remains that respondent violated petitioner's right to due process by issuing a FAN without even awaiting its reply to the PAN.*

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

> *Well-settled is the rule that an assessment that fails to strictly comply with the due process requirements set forth in Section 228 of the Tax Code and Revenue Regulations No. 12-99 is void and produces no effect.*
> (Citations omitted; italics supplied.)

The Supreme Court's pronouncements here are unambiguous. The 15-day period *must* be respected, on pain of rendering the assessment void. Indeed, the fact of a taxpayer being able to reply to the assessment does not change this. In a statement, "[t]here can be no substantial compliance with the due process requirement when the BIR completely ignored the 15-day period by issuing the FAN and FLD even before petitioner was able to submit its Reply to the PAN".[16] Non-compliance with the grace period is consequently *not* a "slight infirmity" that can be ignored—it is a fatal defect that turns the entire assessment into a nullity. No invocation of the abstract "essence" of due process can defeat the clear and concrete mandate, laid down by law and jurisprudence, that a failure to respect the 15-day grace period inescapably renders the assessment void.

Here, as found by the Court in Division, respondent received the PAN on January 7, 2014, giving it until January 22, 2014 within which to reply. It then received the FLD/FAN on January 15, 2014, only eight days after its receipt of the PAN and a full seven days before the end of the 15-day grace period. These findings of fact are uncontroverted by petitioner.

The facts found by the Court in Division thus show that petitioner issued the FLD/FAN before the 15-day grace period had lapsed. Meanwhile, jurisprudence has considered such non-compliance with the grace period as a violation of due process rights, resulting in a void assessment.

The subject assessment is consequently null and void. The Court in Division made no error when it cancelled the assessment for petitioner's failure to wait for the lapse of the 15-day grace period.

In sum, the Petition is not only procedurally deficient, lacking in content required by the *RRCTA*—it is also lacking in merit, offering only an argument already rejected in the assailed Decision and easily refuted by the relevant jurisprudence.

ACCORDINGLY, the instant Petition for Review, filed via registered mail on May 13, 2025, is hereby **DISMISSED**. The Decision, dated December 4, 2024, and Resolution, dated March 31, 2025, both rendered by this Court's First Division, are **AFFIRMED**.

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[16] *Id.*

SO ORDERED.

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

CATHERINE T. MANAHAN
Associate Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

MARIAN IVY F. REYES-FAJARDO
Associate Justice

LANEE S. CUI-DAVID
Associate Justice

CORAZON G. FERRER-FLORES
Associate Justice

HENRY S. ANGELES
Associate Justice

CERTIFICATION

Pursuant to *Article VIII, Section 13 of the Constitution*, it is hereby certified 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.

MA. BELEN M. RINGPIS-LIBAN
Acting Presiding Justice