CTA Form No. 8

24-000221-0096

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

CTA CASE NO. 11489

PHILIPPINE SECURITIES CORPORATION,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

NOTICE OF JUDGMENT ON COMPROMISE AREEMENT

To:

OFFICE OF THE SOLICITOR GENERAL
134 Amorsolo Street, Legazpi Village
Makati City

ATTY. AYESHA HANIA B. GUILING-MATANOG
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Bureau of Internal Revenue
Room 703, Litigation Division, BIR National Office Building
Sen. Miriam P. Defensor-Santiago Avenue
Diliman, Quezon City

ESGUERRA & BLANCO
4th and 5th Floors, S&L Building
Dela Rosa corner Esteban Streets
Lagazpi Village, 1229 Makati City

GREETINGS:

You are hereby notified by these presents that on **July 31, 2026,** a Decision was rendered in the above-entitled case, copy of which is attached hereto.

Quezon City, Philippines, **August 3, 2026.**

Atty. Mary Grace S. Ringpis
Executive Clerk of Court II

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

<u>FIRST DIVISION</u>

PHILIPPINE SECURITIES CORPORATION, Petitioner,	**CTA CASE NO. 11489** Members:
- versus -	**RINGPIS-LIBAN,** ***P.J.***, *Chairperson,* **REYES-FAJARDO,** *and* **ANGELES,** ***JJ.***
COMMISSIONER OF INTERNAL REVENUE, Respondent.	Promulgated: JUL 3 1 2026; 1:15PM

x - x

JUDGMENT ON COMPROMISE AGREEMENT

RINGPIS-LIBAN, P.J.:

Before this Court is a Joint Motion to Render Judgment Based on Compromise Agreement filed by both parties on June 4, 2026.

On this score, the Judicial Compromise Agreement attached to the subject joint motion, partly reads:

> **WHEREAS**, the **TAXPAYER** instituted an action against the BIR entitled "*Philippine Securities Corporation vs. the Commissioner of Internal Revenue*", docketed as CTA Case No. 11489 xxx, challenging the validity of the *Final Decision on Disputed Assessment (FDDA)* dated 05 April 2024 requiring the **TAXPAYER** to pay its deficiency Income Tax, Value-Added tax, Donor's Tax, and Compromise Penalty in the total amount of Six Hundred Thirty Eight Million Three Hundred Ninety-Six Thousand Five Hundred Sixty & 91/100 **(Php638,396,560.91)** for taxable year 2018 xxx
>
> xxx xxx xxx
>
> **WHEREAS**, the **TAXPAYER** has applied/availed of Compromise Settlement for its tax deficiency for 2018 and paid 40% of the basic taxes assessed against it as settlement to resolve the outstanding tax case;
>
> xxx xxx xxx

WHEREAS, the **PARTIES** have agreed to enter into an amicable settlement pursuant to the provisions of the Civil Code of the Philippines xxx

xxx xxx xxx

NOW THEREFORE, for and in consideration of the foregoing premises, the **PARTIES** hereto have agreed as follows:

Section 1. Judicial Compromise Amount ("JCA"). In order to settle the above-mentioned case, the **TAXPAYER** has offered and already paid, and the BIR accepts the total payment of **ONE HUNDRED FIFTY-SIX MILLION THREE HUNDRED SEVENTY THOUSAND FIFTY-NINE & 08/100 (Php156,370,059.08)** which was paid on **January 30, 2026.**

xxx xxx xxx

Section 3. Effectivity of the Agreement. This Agreement shall take effect and bind the **PARTIES** upon approval by the Honorable CTA. This **Agreement** shall thereafter remain in force and effect until the completion and fulfillment of the covenants and undertaking of the **PARTIES** hereto.

Section 4. Deliverables of the PARTIES upon approval of this Agreement by the Honorable CTA. Upon final approval by the Honorable CTA of this Agreement, the BIR undertakes to execute and deliver to the Taxpayer any and all documents as may be required to effectively and fully implement the provisions of this Agreement.

Section 5. Authority to Enter Compromise Agreement. The **BIR**, through Commissioner Charlito Martin R. Mendoza, warrants that he has the necessary authority and capacity under the law to enter, sign and execute this Agreement, and to deliver its implementing documents upon its approval of the Honorable CTA.

The **TAXPAYER** warrants that it has full legal capacity to enter, sign, and execute this Agreement, and to make the aforementioned payment of the above-agreed amount.

Section 6. Full and Final Settlement. This Agreement is executed by the **PARTIES** for the purpose of amicably settling and ending CTA Case No. 11489, as well as the related case before the Supreme Court, Second Division, docketed as G.R. No. 277928, entitled "*Commissioner of Internal Revenue v. First Division of the Court of Tax Appeals and Philippine Securities Corporation.* Upon approval by the

> Honorable CTA, the **BIR** recognizes the full satisfaction of the supposed tax liability of the **TAXPAYER** covered by the *Final Decision on Disputed Assessment (FDDA)* dated 05 April 2024 for taxable year 2018 in connection with CTA Case No. 11489 and G.R. No. 277928, and acknowledges that the **TAXPAYER** no longer has any tax liability whatsoever based upon, arising from, or in connection with the *Final Decision on Disputed Assessment (FDDA)* dated 05 April 2024 for taxable year 2018, CTA Case No. 11489 and G.R. No. 277928.
>
> xxx xxx xxx"

In relation thereto, Section 204 of the 1997 National Internal Revenue Code (Tax Code) pertinently provides:

> **SEC. 204.** *Authority of the Commissioner to Compromise, Abate and Refund or Credit Taxes.* –
>
> The Commissioner may-
>
> (A) Compromise the payment of any internal revenue tax when:
>
> (1) A reasonable doubt as to the validity of the claim against the taxpayer exists; or
>
> xxx xxx xxx
>
> The compromise settlement of any tax liability shall be subject to the following minimum amounts:
>
> xxx xxx xxx
>
> For other cases, a minimum compromise rate equivalent to forty percent (40%) of the basic tax assessed.
>
> Where the basic tax involved exceeds One million pesos (P1,000,000) xxx the compromise shall be subject to the approval of the Evaluation Board which shall be composed of the Commissioner and the four (4) Deputy Commissioners.

The above Judicial Compromise Agreement reveals that the same is anchored on doubtful validity of the assessment. Further scrutiny of the records reveal that, in support of the *Joint Motion for Approval of Compromise Agreement*, the parties submitted the following documents:

1. Original copy of the Judicial Compromise Agreement;

2. Payment Forms (BIR Form No. 0605) representing the payments for Income Tax (IT), Value-Added Tax (VAT), and Donor's Tax (DT); and

3. Certificate of Availment (Compromise Settlement) signed by Assistant Commissioner of Internal Revenue (ACIR) James H. Roldan of the Enforcement and Advocacy Service.

In relation thereto, the pertinent provisions of Revenue Regulations (RR) No. 30-2002 on Compromise Settlement provide:

> **SEC. 4. PRESCRIBED MINIMUM PERCENTAGES OF COMPROMISE SETTLEMENT.-**
>
> 2. For cases of 'doubtful validity' – A minimum compromise rate equivalent to forty percent (40%) of the basic assessed tax.
>
> xxx xxx xxx"
>
> **SEC. 6. APPROVAL OF OFFER OF COMPROMISE.** – Except for offers of compromise where the approval is delegated to the REB pursuant to the succeeding paragraph, all compromise settlements within the jurisdiction of the National Office (NO) shall be approved by a majority of all the members of the NEB composed of the Commissioner and the four (4) Deputy Commissioners. All decisions of the NEB, granting the request of the taxpayer or favorable to the taxpayer, shall have the concurrence of the Commissioner.

Here, petitioner paid 40% of the basic assessed tax for IT, VAT, and DT, as shown by the relevant payment forms (BIR Form No. 0605) submitted to the Court.

With respect to the approval of the offer of compromise, petitioner's Certificate of Availment shows that the same was approved by ACIR James Roldan. While the said Certificate appears to be non-compliant with Section 6 of RR No. 30-2002, *i.e.*, the compromise must be with the concurrence of the commissioner, Revenue Delegation of Authority Order (RDAO) No. 14-2022 nonetheless conferred this authority to the ACIR of Enforcement and Advocacy Service. It provides:

> II. Delegated Authority
>
> Pursuant to Section 7 of the NIRC of 1997, as amended, the authority of the CIR to sign Certificate of

> Availment of Judicial Compromise after acceptance of the offer of the taxpayer by the National Evaluation Board (NEB), is hereby delegated to the Assistant Commissioner of Enforcement and Advocacy Service.

Meanwhile, the Judicial Compromise Agreement shows that it was signed by respondent CIR. Likewise, considering that ACIR James Roldan is clothed with authority to approve the compromise as shown in the Certificate of Availment, the Court finds the same in order.

Hence, after scrutiny of the documents submitted by the parties in support of the judicial compromise, the Court finds the same compliant with the established laws, rules, and regulations. As such, the Court resolves to **APPROVE** the same. The parties are enjoined to faithfully comply with all the terms and conditions of the subject Judicial Compromise Agreement.

SO ORDERED.

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

WE CONCUR:

MARIAN IVY F. REYES-FAJARDO
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's Division.

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice