REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
Quezon City

SECOND DIVISION

MABUHAY BISCUIT CORPORATION,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA CASE NO. **11803**

Members:

BACORRO-VILLENA, *Chairperson, and*
CUI-DAVID, *JJ.*

Promulgated:
______________ 4:25 pm

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RESOLUTION

For the Court's resolution is respondent Commissioner of Internal Revenue's (**respondent**'s/**CIR**'s) "Motion for Reconsideration" (**MR**) filed *via* registered mail on 06 March 2026 and emailed on 09 March 2026, with petitioner Mabuhay Biscuit Corporation's (**petitioner**'s/**MBC**'s) "Comment (on Respondent's [MR])" (**Comment**) filed and emailed on 21 April 2026.

Respondent oppugns this Court's Resolution dated 19 February 2026 (**assailed Resolution**), the dispositive portion of which reads:

> ...
> **ACCORDINGLY**, premises considered:
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> 1. Petitioner Mabuhay Biscuit Corporation's "Extremely Urgent Prayer for Issuance of Temporary Suspension Order and/or Suspension Order Enjoining the Collection of Taxes", as incorporated in the Petition for Review filed on 14 March 2025, is **DENIED** for being moot and academic. There being no collection to suspend as the right of respondent Commissioner of Internal Revenue to collect the subject deficiency taxes is already barred by the statute of limitations.
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> 2. Petitioner's Petition for Review filed on 14 March 2025 is hereby **GRANTED**. Accordingly, the collection of the subject

deficiency taxes is declared **VOID** for having been issued and/or enforced beyond the prescriptive period.

3. Respondent Commissioner of Internal Revenue, including any of the latter's authorized officers, agents, or representatives, is hereby **PERMANENTLY ENJOINED** from enforcing or collecting the deficiency taxes subject of the assessments.

SO ORDERED.

. . .

In his or her MR, respondent interposes three (3) grounds: (**1**) petitioner is barred from invoking prescription because its own administrative appeal caused the delay in tax collection, under the equitable doctrine enunciated in *Collector of Internal Revenue v. Suyoc Consolidated Mining Company, et al.*[1] (**Suyoc**); (2) the "Request for Reconsideration of Final Decision on Disputed Assessment [**FDDA**] for Taxable Year 2017"[2] (**Request for Reconsideration**) filed before the CIR legally prevented respondent from collecting, thereby tolling the prescriptive period under Section 223[3] of the National Internal Revenue Code (**NIRC**) of 1997, as amended; and (3) the Court's *motu proprio* consolidation and dismissal of the case during the hearing on the interlocutory Prayer for Suspension deprived respondent of due process.

In its Comment, petitioner opposes the MR and advances three (3) corresponding positions, each squarely meeting each ground raised by respondent.

On the *Suyoc* doctrine, petitioner submits that the factual circumstances of that case are not on all fours with the present controversy. *Suyoc* is inapplicable because the application of that doctrine demands the clear concurrence of four (4) conditions, namely: (**1**) the taxpayer committed positive acts; (**2**) those acts induced or contributed to the delay in the government's exercise of its right to collect; (**3**) the government relied in good faith upon said acts; and (**4**) the taxpayer later asserted prescription as a defense to defeat collection. None of these conditions obtain here. Petitioner merely exercised its administrative remedies as a matter of right — protesting the Preliminary Assessment Notice (**PAN**), the Formal Letter of Demand (**FLD**)/ Final Assessment Notice (**FAN**), and ultimately the

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1 G.R. No. L-11527, 25 November 1958.

2 Division Docket, Volume I, pp. 422-436.

3 **SEC. 223**. *Suspension of Running of Statute of Limitations.*

FDDA — without inducing or persuading respondent to defer, suspend, or postpone collection proceedings. Petitioner further invokes *Commissioner of Internal Revenue v. The Stanley Works Sales (Phils.), Incorporated*[4] (**Stanley Works**) and *Bank of the Philippine Islands v. Commissioner of Internal Revenue*[5] (**2005 BPI**), both of which declined to apply *Suyoc* precisely because the taxpayers therein did not, by repeated requests, induce the government to hold its hand. In the present case, as in *BPI*, it was the BIR's own inaction — not any act of petitioner — that allowed the period to prescribe.

On the Section 223 tolling argument, petitioner reiterates the settled distinction between a request for reconsideration and a request for reinvestigation. These are not interchangeable terms. The law confers tolling effect exclusively upon the latter, provided it has been granted by the CIR. A request for reconsideration — which is a mere re-evaluation of the assessment on the basis of existing records without need of additional evidence — does not, and cannot, suspend the running of the prescriptive period to collect. Petitioner further points out that, under Revenue Memorandum Order (**RMO**) No. 26-2016,[6] a *request for reinvestigation* is available only as a protest to an FAN/FLD; after the issuance of an FDDA, only a Request for Reconsideration remains available as an administrative remedy. It was, therefore, legally impossible for petitioner to have filed a request for reinvestigation at the post-FDDA stage, and consequently, no tolling effect could have arisen from its recourse to the CIR.

On the due process issue, petitioner contends that respondent's claim of denial of due process is without basis. The Court's *motu proprio* consolidation and dismissal is a valid exercise of its inherent judicial authority to resolve issues patent on the record and to ensure the orderly and expeditious administration of justice.

We resolve.

Respondent's MR lacks merit.

Incipiently, We observe that respondent CIR's arguments are a mere rehash of the matters that the assailed Resolution has already exhaustively addressed and passed upon.

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4 G.R. No. 187589, 03 December 2014.
5 G.R. No. 139736, 17 October 2005.
6 Policies and Guidelines in Handling Disputed Assessments.

In *Ortigas & Company Limited Partnership v. Judge Tirso Velasco, et al.*,[7] the Supreme Court declared:

> . . .
>
> The filing of a motion for reconsideration, authorized by Rule 52 of the Rules of Court, does not impose on the Court the obligation to deal individually and specifically with the grounds relied upon therefor, in much the same way that the Court does in its judgment or final order as regards the issues raised and submitted for decision. This would be a useless formality or ritual invariably involving merely a reiteration of the reasons already set forth in the judgment or final order for rejecting the arguments advanced by the movant; and it would be a needless act, too, with respect to issues raised for the first time, these being, as above stated, deemed waived because not asserted at the first opportunity. It suffices for the Court to deal generally and summarily with the motion for reconsideration, and merely state a legal ground for its denial (Sec. 14, Art. VIII, Constitution); *i.e.*, the motion contains merely a reiteration or rehash of arguments already submitted to and pronounced without merit by the Court in its judgment, or the basic issues have already been passed upon, or the motion discloses no substantial argument or cogent reason to warrant reconsideration or modification of the judgment or final order; or the arguments in the motion are too unsubstantial to require consideration, etc.
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> . . .

Nonetheless, to dispel respondent's concerns, We find it fitting to further elucidate the bases for Our conclusion that the collection of petitioner's alleged deficiency taxes for calendar year (**CY**) 2017 had already prescribed.

We proceed to address each ground forwarded by respondent in *seriatim*.

I. THE *SUYOC* DOCTRINE DOES NOT APPLY.

Suyoc is an equitable exception, not a rule of general application. The Supreme Court's ruling in that case rested on the taxpayer's active, repeated, and deliberate inducement of the government to forego collection — a circumstance so singular that it could not, without more, be extended to every taxpayer who exercises the right to protest. As petitioner correctly observes in its Comment, the application of *Suyoc* demands the concurrence of four (4) conditions: (**1**) the taxpayer must have performed positive acts; (**2**) those acts must have

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[7] G.R. No. 109645, 04 March 1996.

induced or contributed to the delay; (**3**) the government must have relied on those acts in good faith; and (**4**) the taxpayer must later invoke prescription to defeat collection.

None of these conditions is satisfied in the present case. Petitioner filed a "Protest and Request for Reinvestigation"[8] (**Protest**) on 14 June 2019 — a remedy expressly provided by Section 228 of the NIRC of 1997, as amended. It filed a Request for Reconsideration on 03 August 2020 — again, a remedy expressly sanctioned by law and, as explained in *Philippine Amusement and Gaming Corporation v. Bureau of Internal Revenue*, one of only three (3) options available to a protesting taxpayer at that stage. There was nothing in these acts that persuaded, coaxed, or deceived respondent into refraining from collection. Respondent's prolonged inaction — spanning more than four (4) years from petitioner's Request for Reconsideration in August 2020 to the Final Decision in December 2024 — **was <u>entirely</u> of respondent's own making.**

This conclusion aligns with the case of *Stanley Works*, where the Supreme Court refused to apply *Suyoc* because the BIR's inaction, not the taxpayer's inducement, was responsible for the lapse of the prescriptive period.[9] It aligns equally with *BPI*, where the Supreme Court made the position unmistakable: a taxpayer's protest letters and submissions — even those never acted upon — cannot be said to have persuaded the CIR to postpone collection.[10] The "inordinate delay of the CIR in acting upon and resolving the request for reinvestigation" was held to result in prescription, with no equitable rescue available to the State.[11]

Suyoc is a doctrine of last resort for the State, not a general engine to circumvent the statute of limitations whenever the government has been dilatory in the exercise of its own prerogatives.

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8 Exhibit "P-11", Division Docket, Volume I, pp. 385-396.

9 See *Commissioner of Internal Revenue v. The Stanley Works Sales (Phils.), Inc.*, supra at note 4.

10 See *Bank of the Philippine Islands v. Commissioner of Internal Revenue*, supra at note 5.

11 *Bank of the Philippine Islands (Formerly: Far East Bank and Trust Company) v. Commissioner of Internal Revenue*, G.R. No. 174942, 07 March 2008.

II. THE REQUEST FOR RECONSIDERATION DID NOT TOLL THE PRESCRIPTIVE PERIOD.

The language of Section 223[12] of the NIRC of 1997, as amended, admits of no ambiguity. The statute suspends the running of the prescriptive period, among other instances, "when the taxpayer requests for a reinvestigation which is granted by the Commissioner." The legislature chose these words with care. It did not say "when the taxpayer files any administrative protest." It did not say "when the assessment remains disputed." It said reinvestigation — and only reinvestigation that has been granted.

The distinction between a request for reconsideration and a request for reinvestigation is not a mere taxonomic refinement. As defined in Revenue Regulations (**RR**) No. 12-85,[13] a request for reconsideration is a plea for re-evaluation on the basis of existing records without need of additional evidence; a request for reinvestigation is a plea for re-evaluation on the basis of newly-discovered or additional evidence. The former requires nothing new of either party. The latter demands a second inquiry, a reopening of the investigative process, and the reception of fresh evidence — precisely the kind of activity that justifies a suspension of the prescriptive clock, since the Commissioner is effectively occupied with a new examination. It is this functional distinction, and not any formalistic label, that justifies the law's asymmetric treatment of the two (2) types of protest.

The Supreme Court made this explicit in *Commissioner of Internal Revenue v. Philippine Global Communication, Inc.*:[14] a request for reconsideration, unlike a request for reinvestigation, "cannot suspend the statute of limitations for the collection of an assessed tax." This principle was reaffirmed in *Bank of the Philippine Islands (Formerly: Far East Bank and Trust Company) v. Commissioner of Internal Revenue*[15] (**2008 BPI**).

Respondent's position, if accepted, would render the statute of limitations wholly illusory. If a request for reconsideration — which may be filed as a right (for an appeal from the decision of the CIR's

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12 Supra at note 3.
13 Procedure covering administrative protests on assessments of the Bureau of Internal Revenue.
14 G.R. No. 167146, 31 October 2006.
15 Supra at note 11.

authorized representative), requires no new evidence and imposes no obligation on the CIR to act within any fixed period — were to suspend prescription, then an assessed taxpayer need only file such a request, and the State could collect at any time in the future without legal constraint. Interests and surcharges would accumulate without limit. The beneficial purpose of the prescriptive statutes — to compel prompt action and to protect taxpayers from indefinite exposure to collection — would be entirely defeated. Neither the legislature nor the Supreme Court intended such a result.

The Court further notes that, under RMO No. 26-2016,[16] a *request for reinvestigation* is available only as a protest to a FAN/FLD. After the issuance of an FDDA, only a *request for reconsideration* may be filed. Respondent cannot, in the same breath, argue that petitioner should have filed a reinvestigation (which the law expressly disallowed at that stage) and that the reconsideration petitioner actually filed should be treated as equivalent to a reinvestigation for purposes of tolling. The statutory scheme admits of only one answer: the post-FDDA *request for reconsideration* did not, and could not, suspend the prescriptive period.

III. THE *MOTU PROPRIO* DISMISSAL DID NOT VIOLATE DUE PROCESS

Section 1,[17] Rule 9 of the Rules of Civil Procedure (**RCP**), as amended, provides that "when it appears from the pleadings or the evidence on record that... the action is barred by... statute of limitations, **the court shall dismiss the claim**." The word "shall" admits no discretion. It is mandatory.[18] The Supreme Court applied this very provision in *Bank of the Philippine Islands v. Commissioner of Internal Revenue*[19] (**2014 BPI**) expressly holding that the court is "mandated to dismiss the claim even if prescription is not raised as a defense," and further affirming that this Court may *motu proprio* dismiss a case on the ground of prescription despite the failure to raise it on appeal.

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16 Policies and Guidelines in Handling Disputed Assessments.

17 Rule 9
EFFECT OF FAILURE TO PLEAD
SECTION 1. *Defenses and objections not pleaded.*

18 *National Grid Corporation of the Philippines v. Manila Electric Company*, G.R. No. 239829, 29 May 2024.

19 G.R. No. 181836, 09 July 2014.

Verily, Section 6,[20] Rule 10 of the Revised Rules of the CTA (**RRCTA**) independently authorizes the Court to consolidate, *motu proprio* or upon motion, the hearing of a motion for suspension of collection with the hearing on the merits of the case, for the sake of expediency. The Court availed itself of this authority in the assailed Resolution. Where prescription is patent on the face of the record, to proceed to trial would be to dignify a nullity. The *motu proprio* dismissal was not only authorized — it was required.

In view of the foregoing disquisition, the Court discerns no compelling ground to disturb, much less reverse, the assailed Resolution.

WHEREFORE, premises considered, respondent Commissioner of Internal Revenue's "Motion for Reconsideration" filed *via* registered mail on 06 March 2026 and emailed on 09 March 2026, is hereby **DENIED** for lack of merit.

SO ORDERED.

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

LANEE S. CUI-DAVID
Associate Justice

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[20] Rule 10
SUSPENSION OF COLLECTION OF TAX
SECTION 6. *Hearing of the motion.*