



**REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY**

FIRST DIVISION

CTA CASE NO. 11890

**GREAT EASTERN RESINS
PHILS. INDUSTRIAL COMPANY,
INC.,**

Petitioner,

- versus -

**COMMISSIONER OF INTERNAL
REVENUE,**

Respondent.

**NOTICE OF JUDGEMENT
ON COMPROMISE
AGREEMENT**

To:

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

ATTY. LEONARDO B. USITA
Bureau of Internal Revenue Region No. 7B
Legal Division, 25th Floor, The Podium West Tower
ADB Avenue, Ortigas Center, Mandaluyong City

LAYUG CELICIOUS-SY & VILLAPANDO
Unit 503, 5th Floor, The Linden Suites
37 San Miguel Avenue, Ortigas Center
1600 Pasig City

GREETINGS:

You are hereby notified by these presents that on **August 27, 2026**, a Judgment on Compromise Agreement was rendered in the above-entitled case, copy of which is attached hereto.

Quezon City, Philippines, **September 2, 2026.**

Atty. Maria Johoanna F. Chan-Te
Executive Clerk of Court III

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GREAT EASTERN RESINS
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Petitioner,

- versus -

COMMISSIONER OF INTERNAL
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Respondent.

CTA Case No. 11890

Members:

RINGPIS-LIBAN, P.J., & Chairperson,
REYES-FAJARDO, and
ANGELES, JJ.

Promulgated:

AUG 27 2026; 3:20PM

X ----- X

JUDGMENT
ON COMPROMISE AGREEMENT

RINGPIS-LIBAN, J.:

Before the Court are the following motions for resolution: (1) the *Omnibus Motion: (i) To Take Cognizance of the Certificate of Availment (Compromise Settlement) dated February 10, 2026 and (ii) To Declare the Case Closed and Terminated* (Omnibus Motion) filed by petitioner Great Eastern Resins Phils. Industrial Company, Inc. (Great Eastern Resins) on March 3, 2026; and (2) the *Joint Motion to Render Judgment Based on Compromise Agreement* (Joint Motion) filed jointly by both parties on July 15, 2026.

On March 27, 2025, petitioner Great Eastern Resins received the Final Decision of the Commissioner of Internal Revenue (CIR) on its Request for Reconsideration of the Final Decision on Disputed Assessment (FDDA) dated January 20, 2025, covering alleged deficiency income tax for the taxable year 2010 in the aggregate amount of P1,153,026.48, inclusive of interest, under Assessment No. 045-B055-10 (FDDA) dated February 21, 2020.

On April 25, 2025, petitioner timely filed its Petition for Review before this Court, contesting the validity of the FDDA.

On May 15, 2025, without admitting guilt, petitioner filed a Request for Approval on Offer of Compromise Settlement on Final Decision on Disputed Assessment for Taxable Year 2010 with the Regional Evaluation Board (REB) of the Bureau of Internal Revenue (BIR) of Revenue Region No. 7B, on the ground of reasonable doubt as to the validity of the assessment. In connection therewith, petitioner paid ₱177,030.52, representing forty percent (40%) of the basic assessed income tax of ₱442,576.31, via the electronic filing and payment system (eFPS) on June 26, 2025.

On February 10, 2026, the CIR, through Regional Director Atty. Wrenolph D. Panganiban of BIR Revenue Region No. 7B-East NCR, issued the Certificate of Availment (Compromise Settlement) (Certificate of Availment) under CAC No. 201700019418, certifying that the REB had approved petitioner's application for compromise settlement of its deficiency income tax liability under Assessment No. 045-B055-10 (FDDA) for taxable year 2010. Petitioner received the Certificate of Availment on February 18, 2026.

On March 3, 2026, petitioner filed the Omnibus Motion praying that the Court take cognizance of the Certificate of Availment and declare the case closed and terminated.

On May 26, 2026, the Court issued a Resolution holding the Omnibus Motion in abeyance, and directing: (a) respondent CIR to file a Comment on the Omnibus Motion within fifteen (15) days from receipt; and (b) both parties to file a Joint Motion to Render Judgment Based on Compromise Agreement, together with all documents required for the Court's scrutiny of the compromise settlement, within thirty (30) days from the filing of respondent's Comment or the lapse of the period to file the same.

In compliance with the May 26, 2026 Resolution, the parties jointly filed the instant Joint Motion on July 15, 2026, attaching thereto the following documents:

- BIR Form No. 0605 (Payment Form) with eFPS Payment Details (Annex "A");
- Certificate of Availment (Compromise Settlement) dated February 10, 2026 (Annex "B"); and
- Compromise Agreement dated July 14, 2026, with Secretary's Certificate (Annex "C").

The Compromise Agreement was executed on July 14, 2026 in Pasig City by and between Great Eastern Resins, represented by Atty. Madeline L. Zialcita-Villapando of Layug Celicious-Sy & Villapando (pursuant to the Secretary's Certificate dated July 7, 2026 executed by Corporate Secretary Rodolfo Lee Jr.),

and the BIR — Revenue Region No. 7B, represented by Regional Director Atty. Wrenolph D. Panganiban.

THE COURT'S RULING

In *Republic of the Philippines v. Heirs of Cruz, et al.*,¹ the Supreme Court held that approval of a compromise agreement is not a ministerial act — courts are bound to strictly scrutinize compromise agreements before approval to ensure compliance with law and applicable procedural rules. The Court now subjects the Compromise Agreement and its supporting documents to that scrutiny.

The pertinent provisions of the Compromise Agreement dated July 14, 2026 read:

WHEREAS, the **TAXPAYER** received, on March 27, 2025, the Final Decision of the Commissioner of Internal Revenue on the Request for Reconsideration of the Final Decision on Disputed Assessment ("Final Decision") dated January 20, 2025, covering the alleged deficiency income tax for taxable year 2010 in the aggregate amount of P1,153,026.48, inclusive of interest, as follows:

Tax Type	Basic	Interest	Amount Due
Income Tax	P 442,576.31	P 710,450.17	P 1,153,026.48

WHEREAS, the **TAXPAYER**, without admitting guilt, filed a Request for Approval on Offer of Compromise Settlement on Final Decision on Disputed Assessment for taxable year 2010 ("Request for Approval on Offer of Compromise Settlement") with the Regional Evaluation Board of the BIR on May 15, 2025, on the ground of reasonable doubt as to the validity of the assessments;

x x x

SECTION 1. Compromise Amount. In order to settle the above-mentioned case, the **TAXPAYER** has offered and the **BIR** has accepted the total payment of **P177,030.52 ("Compromise Amount")**, an amount equivalent to forty percent (40%) of the basic assessed tax of P442,576.31. The Compromise Amount has already been paid via electronic filing and payment system (eFPS) on June 26, 2025.

SECTION 2. Submission to the Honorable CTA. This Agreement fully signed by the **PARTIES** shall be submitted for

¹ G.R. No. 208956, October 17, 2018.

the approval of the First Division of the Honorable CTA in CTA Case No. 11890. The **PARTIES** undertake to perform any and all acts, and submit any and all documents required by the Honorable CTA to be able to render a Judgment by Compromise Agreement in the said case.

SECTION 3. Effectivity of the Agreement. This Agreement shall take effect and bind the **PARTIES** upon approval by the Honorable CTA.

X X X

SECTION 6. Full and Final Settlement. This Agreement is executed by the **PARTIES** for the purpose of amicably settling and ending CTA Case No. 11890. The **BIR** recognizes the full satisfaction of the supposed tax liability of the **TAXPAYER** in connection with CTA Case No. 11890 and acknowledges that the **TAXPAYER** no longer has any tax liability whatsoever based upon, arising from or in connection with the particular subject of CTA Case No. 11890.

The authority of the CIR to compromise internal revenue tax liabilities is governed by Section 204(A) of the National Internal Revenue Code (NIRC) of 1997,² which 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

(2) The financial position of the taxpayer demonstrates a clear inability to pay the assessed tax.

The compromise settlement of any tax liability shall be subject to the following minimum amounts:

For cases of financial incapacity, a minimum compromise rate equivalent to ten percent (10%) of the basic assessed tax; and

For other cases, a minimum compromise rate equivalent to forty percent (40%) of the basic assessed tax.

² Republic Act No. 8424, as amended.

Where the basic tax involved exceeds One million pesos (P1,000,000) or where the settlement offered is less than the prescribed minimum rates, 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.

Under Section 204(A) of the NIRC, three requisites must be satisfied before the Court may approve a compromise agreement:

- First — the application must be grounded on either doubtful validity of the assessment or financial incapacity of the taxpayer;
- Second — the compromise amount paid must meet the prescribed minimum rate (40% of the basic assessed tax for doubtful validity; 10% for financial incapacity); and
- Third — where the basic tax exceeds P1,000,000.00 or where the settlement is below the minimum rate, approval of the National Evaluation Board (NEB) is required.

As to the first requisite, the ground invoked is the doubtful validity of the assessment. The Compromise Agreement expressly recites that petitioner filed its Request for Approval on Offer of Compromise Settlement "on the ground of reasonable doubt as to the validity of the assessments." The Certificate of Availment likewise confirms this ground. The first requisite is satisfied.

As to the second requisite, the deficiency income tax assessed against petitioner for taxable year 2010 consists of a basic assessed tax of P442,576.31, exclusive of interest of P710,450.17. The minimum compromise rate for doubtful validity is forty percent (40%) of the basic assessed tax. The verification is as follows:

Tax Type	Basic Deficiency Tax Assessed	Minimum Compromise Rate	Compromise Amount Paid
Income Tax	P442,576.31	40%	P177,030.52

The compromise amount of P177,030.52, equivalent to exactly forty percent (40%) of the basic assessed income tax of P442,576.31, was paid via eFPS on June 26, 2025, as confirmed by BIR Form No. 0605 (Reference No. 292500066643376; Payment Transaction No. 259833203; Security Bank Corporation, Bank Code 027000). The second requisite is satisfied.

As to the third requisite, the basic tax involved — P442,576.31 — does not exceed the P1,000,000.00 threshold requiring NEB approval. Accordingly, REB approval suffices. The Certificate of Availment dated February 10, 2026,

issued in BIR Form No. 2342 (CAC No. 201700019418) by the CIR through Regional Director Atty. Wrenolph D. Panganiban of BIR Revenue Region No. 7B-East NCR, confirms that the REB approved the compromise settlement under Assessment No. 045-B055-10 (FDDA) in accordance with Revenue Regulations No. 30-2002,³ as amended. The third requisite is satisfied.

With the faithful observance of all the requisites under Section 204(A) of the NIRC, the Court approves the Compromise Agreement dated July 14, 2026.

In view of the rendition of Judgment on Compromise Agreement, the Omnibus Motion filed by petitioner on March 3, 2026 — which sought judicial recognition of the compromise settlement and the closure of this case — is rendered moot and academic.

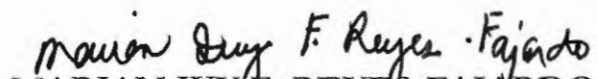
WHEREFORE, the parties' Joint Motion to Render Judgment Based on Compromise Agreement is **GRANTED**. Accordingly, the Compromise Agreement dated July 14, 2026 executed by petitioner Great Eastern Resins Phils. Industrial Company, Inc. and the Bureau of Internal Revenue — Revenue Region No. 7B is **APPROVED**. The parties are strictly enjoined to faithfully comply with all the terms and conditions of the Compromise Agreement. The Omnibus Motion filed on March 3, 2026 is hereby declared **MOOT AND ACADEMIC**. This case is now deemed **CLOSED** and **TERMINATED**.

SO ORDERED.



MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

WE CONCUR:



MARIAN IVY F. REYES-FAJARDO
Associate Justice



HENRY S. ANGELES
Associate Justice

³ As amended by Revenue Regulations No. 8-2004.

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, it is hereby certified that the conclusions in the above Judgment were reached in consultation before the case was assigned to the writer of the opinion of the Court.



MA. BELEN M. RINGPIS-LIBAN

Presiding Justice