REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SECOND DIVISION

WPP MARKETING COMMUNICATIONS, INC.,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA CASE NO. 9704

Members:

CASTAÑEDA, JR, Chairperson
MINDARO-GRULLA, *and*
BACORRO-VILLENA, *JJ.*

Promulgated:

JUN 05 2020

4:30 p.m.

x - x

RESOLUTION

CASTAÑEDA, J.:

Submitted before this Court is respondent's **Motion for Reconsideration** filed on February 14, 2020, with petitioner's **Comment/Opposition (Re: Motion for Reconsideration dated 14 February 2020)** filed on March 9, 2020.

On January 29, 2020, a Decision was promulgated by this Court, cancelling respondent's deficiency value-added tax (VAT) assessment for being issued without a Letter of Authority (LOA), the dispositive portion of which reads as follows:

> **WHEREFORE**, in light of the foregoing considerations, the instant *Petition for Review* is **GRANTED**.
>
> Accordingly, the Denial Letter dated September 4, 2017 issued by respondent Commissioner against petitioner involving the amount of ₱158,801,664.00 is hereby **ANNULLED, REVERSED,** and **SET ASIDE**. Furthermore, the FLD dated November 20, 2007,

> assessing petitioner of the deficiency VAT, with interest, in the aggregate amount of ₱161,801,664.00, for taxable year 2004, and the WDL dated June 4, 2013 issued to petitioner, are **CANCELLED** and **SET ASIDE**.
>
> **SO ORDERED**.

In his motion, respondent raises the following grounds as basis for his arguments, *viz.*:

I. The Honorable Court has no jurisdiction over the case as cases under "other matters" does not include cases of denial of compromise.

II. Assuming the Court has jurisdiction, the Honorable Court failed to show it has ground to grant relief from the denial of application of compromise.

III. The Honorable Court's Decision is a circumvention of the assessment process.

As to the first ground, respondent argues that this Court's jurisdiction under "other matters" is limited only to the propriety of the collection process made by respondent against petitioner. Respondent claims that petitioner's Petition for Review was filed on October 25, 2917, after the issuance of the Warrants of Distraint and Levy (WDL), thus, this Court's jurisdiction cannot go beyond the validity of the assessment which has already become final and executory since the issuance of the WDL is already part of the collection process. Nonetheless, respondent maintains that a contract of compromise should be voluntary and not coerced by court action.

With regard to the second ground, respondent argues that assuming that the Court has jurisdiction over the present case, it is only in cases where there is abuse of discretion that this Court may exercise its power of judicial review. Absent any showing of abuse of discretion, there is no cause of action. Simply stated, respondent asserts that there is no act of omission that gives right to a cause of action in a person's refusal to enter into a compromise agreement.

Lastly, respondent argues that this Court seemingly disregarded the prescriptive periods set forth by law, rules and regulations when the petition was filed long after the assessment had become final and executory.

On the other hand, in its comment, petitioner primarily claims that respondent's Motion is merely a rehash or reiteration of the grounds and arguments already passed upon and resolved by this Court in the Decision being assailed. Petitioner reiterates that this Court correctly acquired jurisdiction over the instant petition under the "other matters" pursuant to Section 7(a)(1) of the Republic Act (RA) No. 1125, otherwise known as "An Act Creating the Court of Tax Appeals", as amended by RA No. 9282,. Nonetheless, petitioner claims that by seeking affirmative relief, other than dismissal of the case, is a manifestation of voluntary submission to a court's jurisdiction.

Furthermore, the assailed Decision has already fully discussed why respondent's denial of petitioner's application for compromise is improper and not within the parameters of the law. Also, by failing to issue an LOA, the assessment is not just of doubtful validity but is in fact void. As such, the denial of the application for compromise is without basis.

After consideration, this Court finds no merit in respondent's Motion for Reconsideration.

As stated in the assailed Decision, the jurisdiction of the Court of Tax Appeals (CTA) is not limited to cases which involve decisions of respondent Commissioner on matters relating to assessments or refunds. The second part of Section 7(a)(1) of RA No. 1125, as amended, covers other cases that arise out of the NIRC or related laws administered by the Bureau of Internal Revenue (BIR). To reiterate, the present case arose out of the NIRC, specifically Section 204(A) thereof. Hence, this Court has jurisdiction.

Respondent further argues that this Court does not have a ground to grant the relief from the denial of the application for compromise. However, respondent seemed to have overlooked the discussion in the assailed Decision that he failed to exercise his powers relative to the approval or denial of applications for compromise within the parameters set by law.

As highlighted in the assailed Decision, respondent denied petitioner's application for compromise without basis. Petitioner applied for compromise based on the doubtful validity of the assessment issued by respondent.

It is only upon further scrutiny that it was found that the assessment is void for respondent's failure to issue an LOA authorizing its revenue officers to examine petitioner's books and accounting records. Evidently, this Court ruled that the assessment is void, and as a consequence therefore, the outright denial of petitioner's application for compromise without basis is likewise invalid.

This Court also disagrees with respondent contention that the period within which to file the present Petition for Review with this Court has long prescribed. It must be pointed out that what petitioner seeks is for this Court to look into is whether there is ground to deny its application for compromise. In doing so, this Court painstakingly scrutinized and examined documentary evidence and meticulously considered all legal and factual arguments raised by both parties in arriving at the conclusion that respondent's denial of petitioner's application for compromise has no basis as the assessment was conducted without authority.

In view of the foregoing, this Court finds no cogent reason to reverse or modify the assailed Decision.

WHEREFORE, premises considered, respondent's Motion for Reconsideration is **DENIED** for lack of merit.

SO ORDERED.

Juanito C. Castañeda, Jr.
JUANITO C. CASTAÑEDA, JR.
Associate Justice

We Concur:

Cielito N. Mindaro-Grulla
CIELITO N. MINDARO-GRULLA
Associate Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice