REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

COMMISSIONER OF INTERNAL REVENUE,
Petitioner,

- versus -

BANGKO SENTRAL NG PILIPINAS,
Respondent.

CTA EB NO. 1769
(CTA Case No. 8810)

Present:

DEL ROSARIO, *P.J.*,
CASTAÑEDA, JR.,
UY,
FABON-VICTORINO,
MINDARO-GRULLA,
RINGPIS-LIBAN, and
MANAHAN, *JJ.*

Promulgated:

FEB 26 2019
2:45 p.m.

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RESOLUTION

For Court action is the Motion to Terminate Proceedings dated November 8, 2018 filed by respondent Bangko Sentral ng Pilipinas on even date.

A review of the record shows that respondent filed a Petition for Review before the Court in Division on April 25, 2014 for the reversal of the Final Decision dated March 28, 2014 and consequent cancellation of the deficiency assessment of Final Withholding of Percentage Tax (FWPT) issued against it by petitioner Commissioner of Internal Revenue (CIR) in the aggregate amount of Php 2,371,745,209.10 for taxable Year (TY) 2009.

On September 5, 2017, the Court in Division granted respondent's Petition for Review and cancelled the deficiency FWPT assessment issued against it.

After his Motion for Reconsideration was denied, petitioner elevated its case to the Court *En Banc* on February 12, 2018.

Respondent filed its Comment [1] to the Petition in compliance with the directive of the Court on April 2, 2018.

In its Comment, respondent manifested that it filed an Applications for Compromise Settlement for the alleged deficiency taxes which was approved by the National Evaluation Board (NEB) on November 10, 2017 as evidenced by Certificate of Availment No. CAC201700000409.

In the meantime, the case was submitted for decision on April 19, 2018.[2]

On November 8, 2018, respondent filed the instant Motion to Terminate Proceedings on the ground that its Application for Compromise Settlement of its alleged deficiency FWPT had already been approved by the NEB as indicated in the certified true copy of the Certificate of Availment dated November 10, 2017[3] which it attached to the motion.

According to respondent, the termination of the proceedings is the more viable option since the Decision and Resolution dated September 5, 2017 and January 8, 2018, respectively, both rendered by the Court in Division, are still pending appeal before the *En Banc.* More importantly, a compromise settlement is the more efficient and expeditious resolution of the taxes in dispute and will save the parties and the Court of much needed time and resources.

In his Manifestation, petitioner interposes no objection and submits the motion to the sound discretion of the Court given that the NEB already approved the Compromise Agreement entered into by the parties.[4]

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[1] Comment on Petition for Review with Manifestation dated April 2, 2018, docket pp. 67-84.
[2] Resolution dated April 19, 2018, docket pp. 88-89.
[3] Docket p. 96.
[4] Manifestation (Re: Respondent's Motion to Terminate Proceedings) dated December 7, 2018 filed petitioner.

Article 2028 of the Civil Code defines a compromise agreement as "a contract whereby the parties, by making reciprocal concessions, avoid a litigation or put an end to one already commenced." Parties freely enter into a compromise agreement, making it a judgment on the merits of the case with the effect of *res judicata* upon them.[5]

Compromise Settlement contemplates mutual concessions and mutual gains to avoid the expenses of litigation; or when litigation has already begun, to end it because of the uncertainty of the result. Its validity is dependent upon the fulfillment of the requisites and principles of contracts dictated by law; and its terms and conditions must not be contrary to law, morals, good customs, public policy, and public order.[6]

Thus to be valid and binding between the contracting parties, a compromise agreement must be: (*a*) not contrary to law, morals, good customs, public order, and public policy; (*b*) freely and intelligently executed by and between the parties; and (*c*) compliant with the requisites and principles of contracts. Once entered into, it has the effect and the authority of *res judicata* upon the parties. In other words, a valid compromise agreement may render a pending case moot and academic.[7]

As a contract, a compromise agreement must comply with the following basic elements: (1) consent of the contracting parties; (2) object certain which is the subject matter of the contract; and (3) cause of the obligation which is established.[8]

The Certificate of Availment dated November 10, 2017 states as follows:

> This is to certify that Bangko Sentral Ng Pilipinas of A. Mabini St., Cor. P. Ocampo, Malate, Manila 1004 with Taxpayer Identification Number

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[5] Magsaysay Maritime Corporation/Eduardo Manese and Princess Cruise Lines, Ltd. vs. Cynthia De Jesus, G.R. No. 203943, August 30, 2017.
[6] Metro Manila Shopping Mecca Corp., et al. vs. Ms. Liberty M. Toledo, et al., G.R. No. 190818, November 10, 2014.
[7] Philippine Transmarine Carriers, Inc., Carlos C. Salinas, and Norwegian Crew Management A/S vs. Cesar C. Pelagio, G.R. No. 211302, August 12, 2015.
[8] Central Cement Corporation (Now Union Cement Corporation) vs. Mines Adjudication Board and Rock and Ore Industries, Inc., G.R. No. 173562, January 22, 2008.

000-354-790-000 has availed the provisions of Revenue Regulations No. 30-2002, [9] and the application/s for the compromise settlement of deficiency Final Withholding on Percentage tax/es amounting to Two Billion Three Hundred Seventy One Million Seven Hundred Forty Five Thousand Two Hundred Nine & 10/100 (₱2,371,745,209.10) under Assessment No/s. WG-125-LA033-2010-00000363-09-12-001-A dated October 31, 2013 covering taxable year/period 2009 has/have been approved by the National Evaluation Board of this Bureau.

Issued this 10th day of November, 2017.

CAESAR R. DULAY
Commissioner of Internal Revenue
By:

(signed)
Alfredo V. Misajon
OIC-ACIR, Collection Service
Head, TWG on Compromise
Authorized Signatory
(Signature over Printed Name)

The parties' intention to punctuate the proceedings and to enter into a Compromise Settlement are evident from the approval of the Application for Compromise Settlement and from petitioner's manifestation interposing no objection to respondent's motion.

Significantly, notwithstanding the favorable decision of the Division, albeit still subject of appeal, respondent opted to pursue a compromise settlement, which in its mind is advantageous to both parties in terms of litigation expenses and more importantly, the said option is not contrary to law, morals, good customs, public order, and public policy.

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[9] Revenue Regulations Implementing Sections 7(c), 204(A) and 290 of the National Internal Revenue Code of 1997 on Compromise Settlement of Internal Revenue Tax Liabilities Superseding Revenue Regulations Nos. 6-2000 and 7-2001.

Also as earlier stated, the Compromise Application was already approved by the NEB as required under Section 204(A) of the Tax Code,[10] as evidenced in the certified true copy of the Certificate of Availment dated November 10, 2017.

The speedy resolution of cases is a constitutional duty. In a litany of cases, the Supreme Court consistently ruled that courts and administrative bodies must resolve cases speedily and efficiently. The speedy disposition of cases is paramount in the administration of justice. It is a truism that justice delayed is justice denied.[11]

WHEREFORE, the Motion to Terminate Proceedings dated November 8, 2018 filed by respondent, is hereby **GRANTED**.

As prayed for, the instant appeal is deemed withdrawn and the case is deemed **CLOSED** and **TERMINATED**.

SO ORDERED.

ROMAN G. DEL ROSARIO
Presiding Justice

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

ERLINDA P. UY
Associate Justice

ESPERANZA R. FABON-VICTORINO
Associate Justice

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

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

CATHERINE T. MANAHAN
Associate Justice

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[10] Commissioner of Internal Revenue vs. Azucena T. Reyes, G.R. No. 159694, Azucena T. Reyes vs. Commissioner of Internal Revenue, G.R. No. 163581, January 27, 2006.
[11] Central Cement Corporation (Now Union Cement Corporation) vs. Mines Adjudication Board and Rock and Ore Industries, Inc., G.R. No. 173562, January 22, 2008.