REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SECOND DIVISION

ORIENT OVERSEAS CONTAINER LINE LTD., represented by OOCL (PHILIPPINES), INC.,
Petitioner,

- versus –

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA Case No. 9179

Members:

CASTAÑEDA, JR., *Chairperson,*
CASANOVA, and
MANAHAN, *JJ.*

Promulgated:
AUG 02 2018
9 2:50 p.m.

x---x

DECISION

CASTAÑEDA, JR., *J.:*

THE CASE

This involve the *Petition for Review*[1] and the *Supplement*[2] thereof, filed by petitioner Orient Overseas Container Line Ltd., as represented by OOCL (Philippines), Inc., pursuant to Section 228 of the National Internal Revenue Code of 1997, as amended (1997 NIRC), Section 7(a)(1) of Republic Act No. 1125, as amended, and Rule 4, Section 3(a)(1) in relation to Rule 8, Section 4(a) of the Revised Rules

[1] Docket, Vol. I, pp. 50-74.
[2] Docket Vol. II, pp. 835-841.

of the Court of Tax Appeals (RRCTA). Petitioner prays for the nullification and cancellation of respondent Commissioner of Internal Revenue's Final Decision on Disputed Assessment (FDDA) imposing deficiency Income Tax, Percentage Tax, Expanded Withholding Tax, and Compromise Penalties in the aggregate amount of ONE HUNDRED FIVE MILLION SEVEN HUNDRED FORTY THOUSAND ONE HUNDRED SEVEN PESOS AND 18/100 (₱105,740,107.18).

THE FACTS

Petitioner Orient Overseas Container Line Ltd. (OOCL) is a foreign corporation organized and existing under the laws of Hong Kong[3] and duly registered with the Bureau of Internal Revenue with Taxpayer Identification No. 000-349-946-000.[4] OOCL is doing business in the Philippines through its local agent, OOCL (Philippines), Inc. (OPI), a corporation organized and existing under Philippine laws, with principal office address located at 11th Floor, Two E-com Center, Tower B Bayshore Ave., Mall of Asia (MOA) Complex, Pasay City.[5] OPI is registered with the Bureau of Internal Revenue with Taxpayer Identification No. 000-198-092-000.[6]

Respondent Commissioner of Internal Revenue (CIR) is the head of the Bureau of Internal Revenue (BIR), vested under the appropriate laws with the authority to carry out the functions, duties and responsibilities of said office including, *inter alia*, the power to decide disputed assessments and cancel and abate tax liabilities, pursuant to the provisions of the 1997 NIRC and other tax laws, rules and regulations. He holds office at the BIR National Office Building, Agham Road, Diliman, Quezon City.

On November 2, 2011, petitioner received Letter of Authority (LOA) No. 125-2011-00000150 dated October 10, 2011 authorizing Revenue Officer Belen Sevilla (RO Sevilla) under Group Supervisor Oscar Sable (GS Sable) of Large Taxpayers Regular Audit Division 2 to examine its books of account and other accounting records for all internal revenue taxes for the period from July 1, 2009 to June 30, 2010.[7]

---

[3] Exhibit "P-1".
[4] Par. 1, Joint Stipulation of Facts and Issues (JSFI), Docket Vol. IV, p. 1736; Exhibit "P-2".
[5] Exhibit "P-3".
[6] Par. 1, JSFI, Docket Vol. IV, p. 1736; Exhibit "P-4".
[7] Exhibit "R-2", BIR Records, p. 5.

On November 9, 2011, the BIR sent to petitioner the First Notice for the Presentation of Books of Accounts and Other Accounting Records in connection with LOA No. 125-2011-00000150 dated October 10, 2011.[8]

On January 10, 2012, petitioner received a Second and Final Notice for the Presentation of Books of Accounts and Other Accounting Records dated January 5, 2012.[9]

On April 3, 2013, Mr. Edwin T. Guzman, OIC-Chief of BIR Large Taxpayers Service Regular Large Taxpayers Audit Division II (LTS-RLTAD II) issued Memorandum of Assignment No. LOA-125-2013-183 referring the continuation of the audit/investigation of petitioner under LOA No. 125-2011-00000150 dated October 10, 2011 to Revenue Officer Agnes I. Sison (RO Sison) under Group Supervisor Edenny S. Lingan (GS Lingan).[10]

On June 25, 2013, petitioner received a Final Notice for Presentation of Books of Accounts and Other Accounting Records dated June 20, 2013 from LTS-RLTAD II.[11]

On February 1, 2013, petitioner executed a Waiver of the Defense of Prescription under the Statute of Limitations of the National Internal Revenue Code.[12]

On September 10, 2013, petitioner received a Notice of Informal Conference requesting it to appear for an informal conference to enable it present its side of the case.[13]

In a letter dated October 2, 2013, petitioner disputed the findings attached to the Notice of Informal Conference issued by LTS-RLTAD II.[14]

[8] Exhibit "R-3", BIR Records, p. 6.
[9] Exhibit "R-4", BIR Records, p. 7.
[10] Exhibit "R-5", BIR Records, p. 8.
[11] Exhibit "R-7", BIR Records, p. 13.
[12] Exhibit "R-8", BIR Records, p. 35.
[13] Exhibit "P-6".
[14] Exhibit "P-7".

On October 22, 2013, petitioner received from LTS-RLTAD II a Preliminary Assessment Notice (PAN) with Details of Discrepancies, which informed petitioner that after investigation, the BIR found the following deficiency Income Tax, Percentage Tax, Expanded Withholding Tax, and Compromise Penalty for fiscal year ending on June 30, 2010:[15]

Tax Type	*Basic Tax Assessed/Penalty*	*Interest up to 12/31/13*	*Compromise Penalty*	*Total Assessment*
Income Tax	P11,134,246.46	P7,528,977.46	P50,000.00	P18,713,223.92
Percentage Tax	P13,406,197.14	P9,255,638.51	P50,000.00	P22,711,835.65
Expanded Withholding Tax	P27,897,156.18	P19,753,844.36	P50,000.00	P47,701,000.54
Compromise Penalty	P370,000.00			P370,000.00

Petitioner filed its written reply and opposition to the PAN on November 6, 2013.[16]

On November 21, 2013, petitioner received the Formal Assessment Notice, four Assessment Notices (Form 0401s), and Details of Discrepancies dated November 20, 2013, (FAN) which covered the following assessments:[17]

Tax Type	*Basic Tax Assessed/Penalty*	*Interest up to 12/31/13*	*Compromise Penalty*	*Total Assessment*
Income Tax	P11,134,246.46	P7,528,977.46	P50,000.00	P18,713,223.92
Percentage Tax	P13,406,197.14	P9,255,638.51	P50,000.00	P22,711,835.65
Expanded Withholding Tax	P27,897,156.18	P19,753,844.36	P50,000.00	P47,701,000.54
Compromise Penalty	P370,000.00			P370,000.00

Petitioner filed its protest against the FAN on December 19, 2013.[18]

[15] Par. 2, JSFI, Docket Vol. IV, p. 1737.
[16] Exhibit "P-9".
[17] Par. 3, JSFI, Docket Vol. IV, p. 1737.
[18] Exhibit "P-11".

On September 17, 2014, petitioner received the Final Decision on Disputed Assessment (FDDA) of the BIR, which covered the following:[19]

Tax Type	*Basic Tax Assessed/Penalty*	*Interest up to 12/31/14*	*Compromise Penalty*	*Total Assessment*
Income Tax	P11,134,246.46	P9,371,695.25	P50,000.00	P20,555,941.71
Percentage Tax	P13,406,197.14	P11,954,305.99	P50,000.00	P25,410,503.14
Expanded Withholding Tax	P27,897,156.18	P25,288,640.15	P50,000.00	P53,235,796.33
Compromise Penalty	P370,000.00			P370,000.00

On October 1, 2015, petitioner received the FDDA dated August 20, 2015.[20]

On November 2, 2015, petitioner filed its Petition for Review with this Court.

On November 16, 2015, petitioner filed a Supplement to the Petition for Review and the same was admitted by this Court in its Resolution dated January 6, 2016.[21]

Within the extended period granted by the Court,[22] respondent filed his Answer[23] on February 9, 2016, interposing the following special and affirmative defenses:

1. The Final Assessment Notices issued against petitioner was based on facts, laws, rules and jurisprudence;[24]

2. Petitioner failed to overcome the presumption of correctness of respondent's assessment;[25] and

[19] Par. 4, JSFI, Docket Vol. IV, p. 1737.
[20] Par. 5, JSFI, Docket Vol. IV, p. 1737.
[21] Par. 7, JSFI, Docket Vol. IV, p. 1738.
[22] Order dated December 1, 2015, Docket Vol. IV, p. 1585; Order dated January 7, 2016, Docket Vol. IV, p. 1594; Order dated January 29, 2016, Docket Vol. IV, p. 1599.
[23] Docket Vol. IV, pp. 1600-1616.
[24] *Id.*, pp. 1601-1610.
[25] *Id.*, pp. 1610-1612.

3. Petitioner is liable for Compromise Penalties for not keeping books of accounts and other accounting records.[26]

The case was set for a pre-trial conference on March 31, 2016.[27] Meanwhile, petitioner filed on February 22, 2016 a Motion to Admit Reply with attached Reply,[28] which this Court granted in an Order dated February 23, 2016[29] and, accordingly, admitted petitioner's Reply.[30] Respondent filed his Pre-Trial Brief[31] on March 7, 2016 while petitioner filed its Pre-Trial Brief[32] on March 23, 2016.

On April 14, 2016, the parties filed their Joint Stipulation of Facts and Issues[33], which this Court approved and adopted in the Pre-Trial Order[34] dated May 3, 2016.

Upon motion of petitioner,[35] the Court commissioned Atty. Adan T. Delamide, as the Independent Certified Public Accountant (ICPA).[36]

During trial, petitioner presented the following witnesses: (1) Ms. Claire D. Suvissor-Pancho[37] – Financial Control Manager of OPI; (2) Ms. Nilyn B. Sierra-Ragmac[38] – Financial Control Supervisor of OPI; (3) Atty. Adan T. Delamide,[39] the Court-commissioned ICPA.

Within the extended period granted by this Court,[40] petitioner filed its Offer of Evidence on August 16, 2016,[41] which was resolved by this Court in a Resolution[42] dated January 11, 2017.

---

[26] *Id.*, pp. 1612-1614.
[27] Notice of Pre-Trial Conference, Docket Vol. IV, pp. 1618-1619; Minutes of the Hearing dated March 31, 2016, Docket Vol. IV, p. 1713.
[28] Docket Vol. IV, pp. 1620-1633.
[29] *Id.*, p. 1634.
[30] Par. 7, JSFI, Docket Vol. IV, p. 1738.
[31] Docket Vol. IV, pp. 1639-1644.
[32] *Id.*, pp. 1692-1710.
[33] *Id.*, pp. 1736-1745.
[34] *Id.*, pp. 1748-1753.
[35] *Id.*, pp. 1715-1718.
[36] Oath of Commission, Docket Vol. IV, p. 1755.
[37] Minutes of the Hearing dated June 22, 2016, Docket Vol. IV, p. 1766.
[38] *Id.*
[39] Minutes of the Hearing dated July 20, 2016, Docket Vol. IV, p. 1831.
[40] Order dated August 11, 2016, Docket Vol. IV, p. 1842.
[41] Docket Vol. IV, pp. 1843-1857.
[42] *Id.*, pp. 1889-1969.

On January 31, 2017, petitioner filed a Manifestation with Motion for Partial Reconsideration[43] of this Court's Resolution on its Offer of Evidence and prayed for the admission of its denied exhibits. Petitioner also filed a Supplement [To the Manifestation with Motion for Partial Reconsideration dated January 31, 2017] on February 27, 2017.[44]

On October 10, 2017, this Court issued a Resolution[45] resolving petitioner's Manifestation with Motion for Partial Reconsideration as well as the Supplement therefor.

On the other hand, respondent presented as his sole witness, Ms. Agnes I. Sison, Revenue Officer II of the LTS-RLTAD II.[46]

On December 19, 2017, respondent filed his Formal Offer of Evidence.[47] Petitioner filed its Comment[48] thereto on January 8, 2018.

In a Resolution[49] dated April 24, 2018, the Court admitted Exhibits "R-1", "R-2", "R-3", "R-4", "R-5", "R-6", "R-7", "R-8", "R-10", "R-11", "R-12", "R-13", "R-15", "R-16", "R-17", "R-18", and "R-19", subject to this Court's final evaluation and/or appreciation of their purposes, materiality, relevancy and probative value to the issues involved in this case.

On May 28, 2018, respondent filed its Memorandum[50] while petitioner filed his Memorandum[51] on June 4, 2018.

The Court submitted the present case for decision through its Resolution dated June 7, 2018.[52]

[43] Docket Vol. V, pp. 1974-1979.
[44] *Id.*, pp. 2308-2311.
[45] Docket Vol. VI, pp. 2319-2354.
[46] Minutes of the Hearing dated December 11, 2017, Docket, Vol. VI, p. 2362.
[47] Docket Vol. VI, pp. 2367-2373.
[48] *Id.*, pp. 2375-2381.
[49] *Id.*, pp. 2390-2391.
[50] *Id.*, pp. 2398-2412.
[51] *Id.*, pp. 2414-2454.
[52] *Id.*, p. 2456.

THE ISSUE

The parties agreed to submit the issue below for resolution of this Court:[53]

> "Whether or not petitioner is liable to pay the amount of One Hundred Five Million Seven Hundred Forty Thousand One Hundred Seven Pesos and Eighteen Centavos (₱105,740,107.18) as deficiency Income Tax, Percentage Tax, Expanded Withholding Tax, and Compromise Penalties, inclusive of interest and compromise penalties, for the taxable period July 1, 2009 to June 30, 2010."

THE COURT'S RULING

After careful evaluation of the case records, more particularly the evidence duly presented by the parties, this Court finds the deficiency tax assessments issued by respondent against the petitioner to be intrinsically void and thus, shall be cancelled and set aside. The invalidity of such deficiency tax assessments springs from the absence of authority on the part of the revenue officers who conducted the examination of petitioner's books of accounts and other accounting records.

While the lack of authority of the revenue officers to conduct the audit was not specifically raised as an issue, this Court is not precluded from considering the same given that a void assessment bears no fruit.[54]

In *Commissioner of Internal Revenue v. Lancaster Philippines, Inc.*,[55] the Supreme Court also emphatically ruled that the Court of Tax Appeals can resolve an issue which was not raised by the parties. The Supreme Court said: ✓

[53] Stipulation of Issue, JSFI, Docket Vol. IV, p. 1738.
[54] *Commissioner of Internal Revenue v. Azucena T. Reyes*, G.R. Nos. 159694 & 163581, January 27, 2006, 516 Phil. 176, 189-190; *Commissioner of Internal Revenue v. Metro Star Superama, Inc.*, G.R. No. 185371, December 8, 2010, 637 SCRA 633; *Commissioner of Internal Revenue v. BASF Coating + Inks Phils., Inc.*, G.R. No. 198677, November 26, 2014, 743 SCRA 113; *Samar-I Electric Cooperative v. Commissioner of Internal Revenue*, G.R. No. 193100, December 10, 2014, 744 SCRA 459; *Commissioner of Internal Revenue v. Fitness By Design, Inc.*, G.R. No. 215957, November 9, 2016, 808 SCRA 422.
[55] G.R. No. 183408, July 12, 2017.

"On whether the CTA can resolve an issue which was not raised by the parties, we rule in the affirmative.

Under Section 1, Rule 14 of A.M. No. 05-11-07-CTA, or the Revised Rules of the Court of Tax Appeals, the CTA is not bound by the issues specifically raised by the parties but may also rule upon related issues necessary to achieve an orderly disposition of the case. The text of the provision reads:

SECTION 1. *Rendition of judgment.* — x x x

In deciding the case, the Court may not limit itself to the issues stipulated by the parties but may also rule upon related issues necessary to achieve an orderly disposition of the case.

The above section is clearly worded**. On the basis thereof, the CTA Division was, therefore, well within its authority to consider in its decision the question on the scope of authority of the revenue officers who were named in the LOA even though the parties had not raised the same in their pleadings or memoranda.** The CTA En Banc was likewise correct in sustaining the CTA Division's view concerning such matter." *(Emphasis supplied and citation omitted)*

One of the powers granted to the Commissioner of Internal Revenue (CIR) under the National Internal Revenue Code of 1997, as amended (1997 NIRC) is the power to assess deficiency tax. Section 6(A) of the 1997 NIRC is explicit on the matter, to wit:

"SEC. 6. *Power of the Commissioner to Make Assessments and Prescribe Additional Requirements for Tax Administration and Enforcement.* —

(A) *Examination of Returns and Determination of Tax Due.* — After a return has been filed as required under the provisions of this Code, **the Commissioner or his duly** ﬂ

> **authorized representative may authorize the examination of any taxpayer and the assessment of the correct amount of tax**: *Provided, however*, That failure to file a return shall not prevent the Commissioner from authorizing the examination of any taxpayer.
>
> The tax or any deficiency tax so assessed shall be paid upon notice and demand from the Commissioner or from his duly authorized representative. x x x" *(Emphasis supplied)*

In the exercise of his assessment powers, the CIR is also empowered to conduct by himself the examination of any taxpayer, or he may authorize other tax officers to conduct such examination. Section 6(A) of the 1997 NIRC likewise vested the CIR's duly authorized representatives the power to authorize the examination of any taxpayer for the purpose of collecting the correct amount of tax. The term "duly authorized representative" under Section 6(A) of the 1997 NIRC which may authorize examination of taxpayers refers to a Revenue Regional Director, in accordance with Sections 10 and 13 of the 1997 NIRC. The term likewise refers to other tax officials with the rank equivalent to a division chief or higher, pursuant to the CIR's authority to delegate powers vested in him under Section 7 of the 1997 NIRC. Notably, the issuance of LOAs for the examination of taxpayers is not one of those enumerated powers which the CIR cannot delegate. Section 7 of the 1997 NIRC reads as follows:

> "SEC. 7. *Authority of the Commissioner to Delegate Power.* — **The Commissioner may delegate the powers vested in him under the pertinent provisions of this Code to any or such subordinate officials with the rank equivalent to a division chief or higher**, subject to such limitations and restrictions as may be imposed under rules and regulations to be promulgated by the Secretary of Finance, upon recommendation of the Commissioner: *Provided, however,* That the following powers of the Commissioner shall not be delegated:
>
> (a) The power to recommend the promulgation of rules and regulations by the Secretary of Finance; *je*

(b) The power to issue rulings of first impression or to reverse, revoke or modify any existing ruling of the Bureau;

(c) The power to compromise or abate, under Sec. 204(A) and (B) of this Code, any tax liability: Provided, however, That assessments issued by the regional offices involving basic deficiency taxes of Five hundred thousand pesos (P500,000) or less, and minor criminal violations, as may be determined by rules and regulations to be promulgated by the Secretary of Finance, upon recommendation of the Commissioner, discovered by regional and district officials, may be compromised by a regional evaluation board which shall be composed of the Regional Director as Chairman, the Assistant Regional Director, the heads of the Legal, Assessment and Collection Divisions and the Revenue District Officer having jurisdiction over the taxpayer, as members; and

(d) The power to assign or reassign internal revenue officers to establishments where articles subject to excise tax are produced or kept." *(Emphasis supplied)*

Section 10 of the 1997 NIRC, in enumerating the powers of a Revenue Regional Director include, among others, the power to issue letters of authority for the examination of taxpayers within the region under his/her jurisdiction. The said provision, in part, reads:

"SEC. 10. *Revenue Regional Director.* — Under rules and regulations, policies and standards formulated by the Commissioner, with the approval of the Secretary of Finance, **the Revenue Regional Director shall, within the region and district offices under his jurisdiction, among others**:

x x x x x x x x x

(c) Issue Letters of Authority for the examination of taxpayers within the region; ✓

x x x x x x x x x

(h) Perform such other functions as may be provided by law and as may be delegated by the Commissioner." *(Emphasis supplied)*

On the other hand, Section 13 of the 1997 NIRC, in defining the authority of a revenue officer to conduct the examination of taxpayers for purposes of an assessment, provides as follows:

"SEC. 13. *Authority of a Revenue Officer.* — Subject to the rules and regulations to be prescribed by the Secretary of Finance, upon recommendation of the Commissioner, a Revenue Officer assigned to perform assessment functions in any district may, **pursuant to a Letter of Authority issued by the Revenue Regional Director**, examine taxpayers within the jurisdiction of the district in order to collect the correct amount of tax, or to recommend the assessment of any deficiency tax due in the same manner that the said acts could have been performed by the Revenue Regional Director himself." *(Emphasis supplied)*

In relation to the foregoing provisions, Revenue Memorandum Order (RMO) No. 43-90 issued by the CIR identifies those officials who are authorized to issue and sign LOA. It may be noted that the Chief of LTS-RLTAD II is not included therein. The relevant portion of the said issuance reads:

"D. Preparation and issuance of L/As.

x x x x x x x x x

4. For the proper monitoring and coordination of the issuance of Letter of Authority, **the only BIR officials authorized to issue and sign Letters of Authority are the Regional Directors, the Deputy Commissioners and the Commissioner**. For the exigencies of the service, **other officials may be authorized to issue and sign Letters of Authority <u>but only upon prior</u>** 𝓀

<u>**authorization by the Commissioner himself**</u>."
(Emphasis and underscoring supplied)

To reiterate, only the CIR or his duly authorized representatives who can authorize the examination of taxpayers for purposes of assessment of any deficiency taxes. Stated differently, unless duly authorized by the CIR himself or by his duly authorized representatives, an examination of the taxpayer by a revenue officer cannot be validly made.[56]

Considering that only the above officials are given the power to authorize examination of taxpayers for assessment purposes through the issuance of an LOA, logically speaking, it is only them who can effect any modification or amendment to a previously issued LOA, should the need therefor arises.

Parenthetically, RMO No. 43-90 provides that any reassignment or transfer of cases to another revenue officers shall require the issuance of a new LOA. Be that as it may, this Court is of the view that the same would not necessarily negate the authority of the CIR and his duly authorized representatives to effect amendment or modification of a previously-issued LOA instead of just issuing a new one in order for the assessment of a taxpayer to validly proceed. Note that RMO No. 43-90 itself does not state the legal effect in the event that the named revenue officers under the previously-issued LOA are transferred or reassigned and a new or replacement LOA is not issued. A duly issued LOA, valid in all other respects, does not automatically become invalid just because the revenue officers named therein happened to be reassigned or transferred. Indeed, to construe it otherwise would be tantamount to the curtailment of the statutorily granted authority of the CIR and its duly authorized representatives to authorize the audit examination of taxpayers by a mere RMO provision. It must be emphasized that an RMO is merely an internal issuance containing directives or instructions outlining procedures, techniques, methods, processes, operations, activities, work flow and the like which are necessary to carry out programs or to achieve policy goals and objectives.[57] As such, they do not grant any vested right to any taxpayer over any particular work procedure, which procedure is internal to the BIR and may change from time to time as the exigencies

[56] *Medicard Philippines, Inc. v. Commissioner of Internal Revenue*, G.R. No. 222743, April 5, 2017.
[57] Revenue Administrative Order No. 001-12 dated April 2, 2012.

of service may require, or as may be allowed given particular factual contexts, provided only that due process or statutory rights are not subverted.[58]

In the present case, the revenue officers named under LOA No. 125-2011-00000150 dated October 10, 2011 were different from those who actually examined petitioner's books of accounts and other accounting records for the period from July 1, 2009 to June 30, 2010. As it appears, RO Sison and GS Lingan conducted the audit on the basis of Memorandum of Assignment No. LOA-125-2013-183 issued by Mr. Edwin T. Guzman, OIC-Chief of LTS-RLTAD II reassigning to them the conduct of examination of petitioner's books of accounts and other accounting records.

Guided by the foregoing disquisition, this Court holds that the Memorandum of Assignment No. LOA-125-2013-183 issued by Mr. Edwin T. Guzman, OIC-Chief of LTS-RLTAD II cannot validly grant RO Sison and GS Lingan the authority to conduct the examination pursuant to LOA No. 125-2011-00000150 dated October 10, 2011. In his capacity as OIC-Chief of LTS-RLTAD II, Mr. Edwin T. Guzman is bereft of any power to authorize the examination of taxpayers or to effect any modification or amendment to a previously issued LOA because, as mentioned earlier, only the CIR or his duly authorized representatives are granted such power.

In the case of *Commissioner of Internal Revenue v. Sony Philippines, Inc.*,[59] the Supreme Court held that absent any prior authority on the part of the revenue officers who conducted the audit/examination of taxpayer's books of accounts and other accounting records, the deficiency tax assessment arising therefrom is a nullity.

WHEREFORE, the present Petition for Review is **GRANTED**. Accordingly, the deficiency income tax, percentage tax, expanded withholding tax, and compromise penalties as found in respondent's Final Decision on Disputed Assessment dated August 20, 2015 in the aggregate amount of One Hundred Five Million Seven Hundred Forty

---

[58] *Medicard Philippines, Inc. v. Commissioner of Internal Revenue*, CTA Case No. 7948, June 5, 2014, penned by Associate Justice Ma. Belen M. Ringpis-Liban, concurred in by Associate Justice Lovell R. Bautista and Associate Justice Esperanza R. Fabon-Victorino.

[59] G.R. No. 178697, November 17, 2010, 649 Phil. 519.

Thousand One Hundred Seven Pesos and 18/100 (₱105,740,107.18) are **CANCELLED** and **SET ASIDE**.

SO ORDERED.

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

WE CONCUR:

CAESAR A. CASANOVA
Associate Justice

Catherine T. Manahan
CATHERINE T. MANAHAN
Associate Justice

ATTESTATION

I attest 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.

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

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, and the Division Chairperson's Attestation, 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.

ROMAN G. DEL ROSARIO
Presiding Justice