22-000011-0057

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

CTA CASE NO. 10721

REDENTOR AGPULDO TAGALA, as the proprietor of 7th CONCEPTRADING /7C CONSTRUCTION,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

NOTICE OF RESOLUTION

To:

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

ATTY. AYESHA HANIA B. GUILING-MATANOG
ATTY. BRYAN ANTHONY C. DIEGO
Bureau of Internal Revenue
Room 703, Litigation Division, BIR National Office Building
Sen. Miriam P. Defensor-Santiago Avenue
Diliman, Quezon City

AGUINALDO & AGUINALDO-BALUYA LAW OFFICES
2/F, RFC Mall, Brgy. Molino II
Bacoor City, Cavite 4102

GREETINGS:

You are hereby notified by these presents that on **October 16, 2025,** a Resolution was rendered in the above-entitled case, copy of which is attached hereto.

Quezon City, Philippines, **October 17, 2025.**

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

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

REDENTOR AGPULDO TAGALA, as the proprietor of **7TH CONCEPT TRADING / 7C CONSTRUCTION,**
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA CASE NO. 10721

Members:

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

Promulgated:
OCT 16 2025 ; 10:50 AM

x - x

RESOLUTION

BACORRO-VILLENA, J.:

For the Court's resolution are:

1. petitioner Redentor Agpuldo Tagala's (**petitioner**'s) "Motion for Reconsideration"[1] (**MR**), filed *via* LBC *and* email on 02 April 2025, with respondent Commissioner of Internal Revenue's (**respondent**'s/**CIR**'s) "Comment and Opposition (Re: Motion for Reconsideration dated 02 April 2025)"[2] (**Comment**), filed personally and *via* email on 23 April 2025; and,

2. respondent's "Motion for Partial Reconsideration (Re: Decision promulgated on 11 March 2025)"[3] (**MPR**), filed personally on 26 March 2025 and *via* email on 27 March 2025, with petitioner's "Manifestation (In Lieu of Comment/Opposition to CIR's [MPR] of March 26, 2025)"[4] (**Manifestation**), filed *via* LBC and email on 15 May 2025.

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1 Division Docket, pp. 447-453.
2 Id., pp. 459-464.
3 Id., pp. 435-442.
4 Id., pp. 468-469.

The MR and MPR assail this Court's Decision[5] promulgated on 11 March 2025 (**assailed Decision**). The dispositive portion thereof reads:

> ...
>
> **WHEREFORE**, premises considered, the Petition for Review filed on 02 February 2022 by petitioner Redentor Agpuldo Tagala, as the proprietor of 7th Concept Trading / 7C Construction, is hereby **PARTIALLY GRANTED**. As a result, the assessments for deficiency income tax and value-added tax shall be **ADJUSTED**. Meanwhile, the assessment for deficiency miscellaneous tax or compromise penalties are **CANCELLED**.
>
> Accordingly, petitioner Redentor Agpuldo Tagala is **ORDERED TO PAY** respondent Commissioner of Internal Revenue the amounts of **₱4,919,840.24** and **₱1,744,602.96**, representing deficiency income tax and value-added tax, respectively, inclusive of the 20% deficiency interest imposed thereon under Section 249(B) of the NIRC of 1997, as amended by Republic Act No. 10963, also known as Tax Reform for Acceleration and Inclusion (**TRAIN Law**) and as implemented by Revenue Regulations No. 21-2018, respectively, computed until 29 December 2021, as determined below:

	IT	**VAT**	**Total**
Basic tax due	₱3,034,577.68	₱1,047,749.25	₱4,082,326.93
Deficiency Interest (20%) until 31 December 2017			
IT - 16 April 2017 to 31 December 2017 (Basic IT due x 20% x 259 days / 365 days)	430,660.61		430,660.61
VAT - 26 January 2013 to 31 December 2017 (Basic VAT due x 20% x 339 days / 365 days)		194,623.01	194,623.01
Deficiency Interest (12%) from 01 January 2018 to 29 December 2021			
IT – 01 January 2018 to 29 December 2021 (Basic IT due x 12% x 1,458 days / 365 days)	1,454,601.95		1,454,601.95
VAT – 01 January 2018 to 29 December 2021 (Basic VAT due x 12% x 1,458 days / 365 days)		502,230.71	502,230.71
Total Amount Due as of 29 December 2021	**₱4,919,840.24**	**₱1,744,602.96**	**₱6,664,443.21**

> In addition, petitioner is **ORDERED TO PAY** delinquency interest at the rate of 12%, computed from 30 December 2021 until full payment thereof, pursuant to Section 249(C) of the NIRC of 1997, as amended by the TRAIN Law, on said deficiency taxes based the following principal amounts:

Income Tax	₱4,919,840.24
Value-Added Tax	₱1,744,602.96

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[5] Id., pp. 367-434.

SO ORDERED.

...

In the MR, petitioner principally argues that, considering that Genalyn T. Abe-Abe's (**Abe-Abe**'s) authority in the form of a Special Power of Attorney (**SPA**) came about only later (after the Letter of Authority [**LOA**], Checklist of Requirements, "First Notice for Presentation of Records", "Second and Final Notice Before Issuance of *Subpoena Duces Tecum*", and the *Subpoena Duces Tecum* were served on Abe-Abe), it thus followed that all the correspondences and issuances preceding the SPA (including the LOA) were **invalidly and unlawfully served.**

In the Comment, respondent counters that the LOA's substituted service was valid, contending that upholding petitioner's line of argument would render the CIR's functions nugatory. Respondent finds that the same would also run counter to the firm mandate for prompt compliance and payment of tax, being an essential revenue source for the government's survival. Respondent likewise manifests that petitioner was duly accorded due process in all aspects of the tax investigation.

In the MPR, respondent assails the Court's ruling insofar as it struck down the portion of the income tax (**IT**) and value-added tax (**VAT**) assessment based on third-party information (**TPI**) or preprocessed data. In doing so, respondent set forth the factual basis for the items of assessment and proffered the definitions and objectives of the Bureau of Internal Revenue's (**BIR**'s) RELIEF[6] and TRS[7] Systems.

Respondent likewise maintained that the imposed Compromise Penalties that formed part of the assessment should have been retained.

In petitioner's Manifestation, he adopted his allegations and arguments in his MR as his comment or opposition to respondent's MPR.

We resolve.

6 Reconciliation of Listing for Enforcement.
7 Tax Reconciliation System.

PETITIONER'S MOTION FOR RECONSIDERATION

The assailed Decision already exhaustively passed upon the validity of the LOA's service.

Pursuant to Revenue Regulations (**RR**) No. 18-2013[8], the CIR is able to resort to substituted service in the event that personal service is not practicable:

> ...
>
> 3.1.6 *Modes of Service.* — The notice (PAN/FLD/FAN/FDDA) to the taxpayer herein required may be served by the Commissioner or his duly authorized representative through the following modes:
>
> (i) The notice shall be served through personal service by delivering personally a copy thereof to the party at his registered or known address or wherever he may be found. A *known address* shall mean a place other than the registered address where business activities of the party are conducted or his place of residence.
>
> In case personal service is not practicable, the notice shall be served by substituted service or by mail.
>
> (ii) **Substituted service can be resorted to when the party is not present at the registered or known address** under the following circumstances:
>
> **The notice may be left at the party's registered address, with his clerk or with a person having charge thereof.**
>
> **If the known address is a place where business activities of the party are conducted, the notice may be left with his clerk or with a person having charge thereof.**
>
> **If the known address is the place of residence, substituted service can be made by leaving the copy with a person of legal age residing therein.**

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8 Amending Certain Sections of Revenue Regulations No. 12-99 Relative to the Due Process Requirement in the Issuance of a Deficiency Tax Assessment.

> If no person is found in the party's registered or known address, the revenue officers concerned shall bring a barangay official and two (2) disinterested witnesses to the address so that they may personally observe and attest to such absence. The notice shall then be given to said barangay official. Such facts shall be contained in the bottom portion of the notice, as well as the names, official position and signatures of the witnesses.[9]
>
> ...

Recapitulating briefly, the Court found in the assailed Decision that RO Au-Jane Marie Malana (**RO Malana**) served the LOA through substituted service by leaving the same with Abe-Abe, a person of legal age and residing at petitioner's registered residence and business address. It was equally established from the case records, as well as the testimonies of witnesses from both parties, that the BIR had no actual knowledge of petitioner's new address after he decided to relocate his business.

Indeed, RO Malana could not be faulted for the course of action she took. RO Malana served the LOA in line with the prescribed procedure under the pertinent revenue issuances. As We stated in the assailed Decision, petitioner could not stand to benefit from what he imputes to be the BIR's supposed lapse in serving the LOA when the conditions that gave rise thereto were of his own making.

As We had thoroughly explained the matter in the assailed Decision, thus, We find little need to reiterate our disquisitions concerning the legal and factual basis of petitioner's claim. The remainder of petitioner's arguments in its MPR consist of those already raised and considered by this Court.

As the Supreme Court held in *Ortigas and Company Limited Partnership v. Judge Tirso Velasco, et al.*[10] (**Ortigas**):

> ...
>
> 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

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[9] Emphasis supplied and italics in the original text.

[10] G.R. No. 109645, 04 March 1996 (Resolution).

> 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.
>
> ...

Furthermore, the Supreme Court in *Shangri-La International Hotel Management, Ltd., et al. v. Developers Group of Companies, Inc.*[11] (**Shangri-La**) ruled:

> ...
>
> The bulk of the aforementioned grounds is a mere rehash of movant's previous arguments. While DGCI is correct in stating that a motion for reconsideration, by its very nature, may tend to dwell on issues already resolved in the decision sought to be reconsidered and that this should not be an obstacle for a reconsideration, the hard reality is that movant has failed to raise matters substantially plausible or compellingly persuasive to warrant the desired course of action.
>
> Considering that the grounds presently raised have been sufficiently considered, if not squarely addressed, in the subject Decision, it behooves movant to convince the Court that certain findings or conclusions in the Decision are contrary to law. **As it is, however, the instant motion does not raise any new or substantial legitimate ground or reason to justify the reconsideration sought.**
>
> ...

It is clear from the above principles that it is the movant's duty to convincingly show grounds for a reconsideration of an assailed judgment or order, or at the least give its previous

[11] G.R. No. 159938, 22 January 2007 (Resolution); Citation omitted and emphasis supplied.

arguments a fresh perspective in such a way that would warrant a re-examination of the case. Unfortunately, in the instant case, petitioner had failed to do so.

We then proceed with respondent's MPR.

RESPONDENT'S MOTION FOR PARTIAL RECONSIDERATION

In arguing in favor for the validity of the IT and VAT assessments based on TPI or preprocessed data and the Compromise Penalties, respondent laid out once more the basis of the items of assessment.

Both matters in question had already been sufficiently addressed in arriving at the assailed Decision.

As the Court earlier found, there is nothing in the BIR Records nor the evidence presented by either party that would adequately demonstrate that the preprocessed data underwent the necessary verification procedures.

Revenue Memorandum Order (**RMO**) Nos. 46-04[12] and 13-2012[13] require the handling RO to prepare and send a confirmation request to the taxpayer serving as the TPI's source, or coordinate with the Revenue District Office having jurisdiction over the TPI source for the preparation and issuance of a confirmation request. Then in the event that the TPI source affirms amounts (in its reply to the confirmation request) aligning with the TPI, the RO must then obtain its sworn statement attesting to the veracity of the data provided.

As to the Compromise Penalties, We previously declared that there can be no compromise if there is no agreement between the parties as a compromise penalty cannot be imposed or collected without

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12 Additional Supplement and Guidelines in Handling Letter Notices with Discrepancies Arising from Data Matching Processes as defined in Revenue Memorandum Order (RMO) Nos. 34-2004 and 30-2003, as amended by RMO Nos. 42-2003 and 24-2004, which remain Unserved, have been Served but are Without Response, or are Under Protest by Taxpayers.

13 Revised Guidelines and Procedures in Handling Letter Notices Generated Through Third-Party Information Data Matching with Tax Returns.

the agreement or conformity of the taxpayer.[14] The lack of an agreement can be gleaned from the fact that petitioner protested the CIR's assessment.

As the Supreme Court elucidated in the *Ortigas* and *Shangri-La* cases, having comprehensively discussed the circumstances surrounding the foregoing matters in the assailed Decision, the Court finds little reason to render further disquisitions in addressing respondent's MPR, when the arguments therein had already been taken into account in writing the assailed Decision.

WHEREFORE, in view of the foregoing, petitioner's "Motion for Reconsideration", filed on 02 April 2025, and respondent's "Motion for Partial Reconsideration (Re: Decision promulgated 11 March 2025)", filed on 26 March 2025, are both **DENIED** for lack of merit.

SO ORDERED.

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

I CONCUR:

LANEE S. CUI-DAVID
Associate Justice

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14 *Wonder Mechanical Engineering Corporation v. The Han. Court of Tax Appeals, et al.*, G.R. Nos. L-22805 & L-27858, 30 June 1975.