REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

COMMISSIONER OF INTERNAL REVENUE,
Petitioner,

-versus-

GLEND AGNES LLANTADA (SERVIPLUS MEDICAL EQUIPMENT SERVICES & SUPPLY),
Respondent.

CTA EB No. 3084
(CTA Case No. 10468)

Present:

RINGPIS-LIBAN, PJ
BACORRO-VILLENA,
MODESTO-SAN PEDRO,
REYES-FAJARDO,
CUI-DAVID,
FERRER-FLORES, and,
ANGELES, *JJ.*

Promulgated:
JUL 14 2026 2:20

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DECISION

REYES-FAJARDO, *J.*:

This Petition for Review dated February 27, 2025[1] challenges the Decision[2] dated July 26, 2024 and Resolution[3] dated January 8, 2025, both handed down by the Court of Tax Appeals - Second Division (CTA in Division) in CTA Case No. 10468. The challenged

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1 *Rollo*, pp. 9-19.

2 *Id.* at pp. 23-51. Penned by Associate Justice (now Presiding Justice) Ma. Belen M. Ringpis-Liban. Associate Justices Maria Rowena Modesto-San Pedro and Corazon G. Ferrer-Flores, concurring.

3 *Id.* at pp. 53-57. Penned by Associate Justice (now Presiding Justice) Ma. Belen M. Ringpis-Liban. Associate Justice Corazon G. Ferrer-Flores, concurring. Associate Justice Maria Rowena Modesto-San Pedro was on leave.

Decision and Resolution cancelled and set aside the Bureau of Internal Revenue (BIR)'s: (1) Warrant of Distraint and/or Levy (WDL) dated January 19, 2021; and (2) Formal Letter of Demand (Parts I and II) with Details of Discrepancy (FLD) all dated January 17, 2019, all issued against Glend Agnes Llantada.

The facts follow.

Petitioner is the government official responsible for the assessment and collection of all national internal revenue taxes, fees and charges, and the enforcement of all forfeitures, penalties and fines connected with such taxes. Petitioner holds office at the Bureau of Internal Revenue (BIR) National Office Building, Agham Road, Diliman, Quezon City.

Respondent Glend Agnes Llantada is of legal age, married, Filipino citizen, with postal address at Unit 1A GV Square Bldg. Casa Milan, Commonwealth, Quezon City and was the sole proprietor of Serviplus Medical Equipment Services & Supply.

On April 25, 2018, OIC-Regional Director Marina C. De Guzman issued a Letter of Authority (LOA), authorizing Revenue Officer Ademar Balan (RO Balan) and Group Supervisor Kelly Chong (GS Chong) to examine respondent's books of account and other accounting record for all internal revenue taxes, covering the periods January 1, 2015 to July 19, 2016.[4]

On May 27, 2019, respondent received Regional Director Romulo L Aguila (RD Aguila)'s Preliminary Assessment Notice (Parts I and II) with Details of Discrepancy (PAN) dated May 17, 2019,[5] with the following proposed deficiency internal revenue taxes:

Tax Type and Year	Basic Tax Due	20% Interest	12% Interest	Total
Income tax – 2015	₱3,249,684.69	₱1,112,905.72	₱581,203.88	₱4,943,794.29
Value-Added tax (VAT) – 2015	1,202,187.61	465,065.45	215,010.43	1,882,263.49
Expanded withholding tax (EWT) – 2015	2,938.62	1,152.91	525.57	4,617.10
Income tax – 2016	14,287.43	4,892.95	2,555.30	21,735.68
VAT – 2016	474,494.78	88,399.03	84,863.07	647,756.88

4 Exhibits "P-2" and "R-5." Docket (CTA Case No. 10468), pp. 22 and 390, respectively.
5 Exhibits "P-3," "R-9," and "R-9-A." *Id.* at pp. 23-30 and 404-411, respectively.

EWT – 2016	697.00	93,168.85	124.66	93,990.51
Compromise Penalty – 2015				1,000.00
Compromise Penalty – 2016				25,000.00
Total	**₱4,944,290.13**	**₱1,765,584.91**	**₱884,282.91**	**₱7,620,157.95**

On June 10, 2019, respondent filed a Reply to Preliminary Assessment Notice (PAN) dated June 4, 2019.[6]

On June 19, 2019, respondent received RD Aguila's FLD[7] dated June 17, 2019, assessing respondent for deficiency internal revenue taxes and compromise penalty in the total amount of ₱7,665,672.50, broken down as follows:

Tax Type and Year	Basic Tax Due	20% Interest	12% Interest	Total
Income tax – 2015	₱3,249,684.69	₱1,112,905.72	₱611,118.79	₱4,973,709.20
VAT – 2015	1,202,187.61	465,065.45	226,077.14	1,893,330.20
EWT – 2015	2,938.62	1,152.91	552.62	4,644.15
Income tax – 2016	14,287.43	4,892.95	2,686.82	21,867.20
VAT – 2016	474,494.78	88,399.03	89,231.02	652,124.83
EWT – 2016	697.00	93,168.85	131.07	93,996.92
Compromise Penalty – 2015				1,000.00
Compromise Penalty – 2016				25,000.00
Total	**₱4,944,290.13**	**₱1,765,584.91**	**₱929,797.46**	**₱7,665,672.50**

On July 16, 2019, respondent filed its administrative protest on RD Aguila's FLD.[8]

On December 18, 2019, respondent received OIC-Regional Director Albino M. Galanza (RD Galanza)'s Final Decision on Disputed Assessment (FDDA)[9] dated December 17, 2019, reducing respondent's deficiency tax liabilities from ₱7,665,672.50 to ₱4,342,320.67, with the following specifics:

Tax Type and Year	Basic Tax Due	20% Interest	12% Interest	Total
Income tax – 2015	₱1,597,221.82	₱546,993.77	₱392,260.18	₱2,536,475.77

[6] Exhibit "P-4." *Id.* at pp. 31-33. See also BIR Records, pp. 553-555.

[7] Exhibits "P-5," "R-10," and "R-10-A." Docket (CTA Case No. 10468), pp. 34-42, and 412-425, respectively.

[8] Exhibit "P-6." *Id.* at pp. 43-51. See also BIR Records (Exhibit "R-1"), pp. 567-571.

[9] Exhibits "P-7" and "R-11." Docket (CTA Case No. 10467), pp. 52-63 and 433-444, respectively.

VAT – 2015	582,514.03	225,345.15	143,059.06	950,918.24
EWT – 2015	2,938.62	1,152.91	721.69	4,813.22
Income tax – 2016	14,287.43	4,892.95	3,508.84	22,689.22
VAT – 2016	558,899.33	104,123.71	137,259.55	800,282.59
EWT – 2016	697.00	273.45	171.18	1,141.63
Compromise Penalty – 2015				1,000.00
Compromise Penalty – 2016				25,000.00
Total	**₱2,756,558.23**	**₱882,781.94**	**₱676,980.50**	**₱4,342,320.67**

On January 17, 2020, respondent filed an administrative appeal with petitioner, through a request for reconsideration dated January 16, 2020.[10]

On June 26, 2020, petitioner issued a Decision, denying respondent's administrative appeal.[11]

On January 19, 2021, respondent received the BIR's WDL of even date,[12] with the following particulars:

ASSESSMENT/DEMAND NO.	DATE ISSUED	KIND OF TAX	YEAR	AMOUNT
028-2019-B014 – January 1, 2015 to July 19, 2016 (FDDA)	December 17, 2019	Income tax	2015	₱2,536,475.77
		VAT	2015	950,918.24
		Income tax	2016	22,689.22
		VAT	2016	800,282.59
		Compromise Penalty	2016	26,000.00
TOTAL				**₱4,362,365.82**[13]

On February 18, 2021, respondent filed a Petition for Review, docketed as CTA Case No. 10468.

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10 Exhibits "P-8" and "R-12." *Id.* at pp. 332-340 and 445-453, respectively.

11 Exhibit "P-9." *Id.* at pp. 73-76. This was received by respondent on February 4, 2021 (Per date appearing in the lower right portion of page 1 of the Decision (Exhibit "P-9) in relation to par. 18 of the Petition in CTA Case No. 10468).

12 Exhibit "P-1." *Id.* at p. 21.

13 The correct total is **₱4,342,320.67**.

By assailed Decision[14] dated July 26, 2024, the CTA in Division found, *inter alia,* that RD Aguila issued a PAN, to which respondent lodged a reply. Despite said reply, the BIR replicated the basic deficiency taxes found in the PAN, in the FLD, without explanation why respondent's defenses set forth in the reply to the PAN were lacking in merit, thereby exposing violation of latter's right to due process. Precisely, CTA Case No. 10468 was disposed as follows:

> **WHEREFORE**, in light of the foregoing considerations, the present *Petition for Review* is **GRANTED**. Accordingly, the WDL No. RR7A-01-08-2021-0009 dated January 19, 2021 issued against [respondent] is **CANCELLED** and **SET ASIDE**.
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> Moreover, while the LOA with SN: eLA201500079628/LOA-028-2018-00000120 dated April 25, 2018 is valid, the FLD *(Parts I and II),* with *Details of Discrepancy,* all dated June 17, 2019, is likewise **CANCELLED** and **SET ASIDE**, for being void.
>
> **SO ORDERED.**

Petitioner moved,[15] but failed[16] to overturn the assailed Decision; hence, the present[17] recourse.

Petitioner argues that the findings in the PAN were based on the documents submitted by respondent. In respondent's reply thereto, it advanced several defenses; yet, none of these defenses were supported or corroborated by proper documentation. Therefore, the reiteration of the findings per PAN, in the FLD is proper.

Petitioner further maintains that respondent was afforded ample opportunity to present its side during various phases of the assessment process. Particularly, respondent was able to file an administrative protest on RD Aguila's FLD. In fact, respondent's request for reinvestigation was given due course, as shown by the reduction of the amount of tax liabilities in the FDDA. On these accounts, respondent's right to due process was respected.

Taking an opposite view,[18] respondent ripostes that the CTA in Division committed no reversible error in nullifying the deficiency

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14 *Supra* note 2.
15 Respondent (now petitioner)'s Motion for Reconsideration [Re: Decision dated 26 July 2024]. Docket (CTA Case No. 10468), pp. 549-558.
16 *Supra* note 3.
17 *Supra* note 1.

tax assessments issued against it because the BIR offended its right to due process. Specifically, notwithstanding the defenses it ventilated in the PAN, the BIR failed to inform the reasons why those defenses are wanting in merit.

RULING

The Petition fails to impress.

Section 228 of the NIRC, as amended, provides in part:

> SEC. 228. *Protesting of Assessment.* — ...
>
> ...
>
> **The taxpayers shall be informed in writing of the law and the facts on which the assessment is made; otherwise, the assessment shall be void.**
>
> ...[19]

Ang Tibay v. Court of Industrial Relations (Ang Tibay)[20] decreed that among the components of administrative due process are: *one,* the administrative tribunal or body must consider the evidence presented; and *two,* the administrative tribunal's decision is rendered in a manner that the parties may know the various issues involved and the reasons for the decision.

These two (2) components of administrative due process emanating from *Ang Tibay* were applied in *Commissioner of Internal Revenue v. Avon Products Manufacturing, Inc. (Avon).*[21] There, Avon Products Manufacturing, Inc. (APMI) advanced before the BIR, its defenses on the initial findings of the examining revenue officers, informal conference, PAN, and FAN. However, the BIR failed to give explanation or discussion on APMI's defenses in various segments of the assessment process. *Avon* decreed that the BIR flouted APMI's right to due process:

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18 Respondent's Comment (Re: Petition for Review dated 27 February 2025). *Rollo,* pp. 64-71.

19 Boldfacing supplied.

20 G.R. No. L-46496, February 27, 1940.

21 G.R. Nos. 201398-99, October 3, 2018.

The facts demonstrate that Avon was deprived of due process. It was not fully apprised of the legal and factual bases of the assessments issued against it. **The Details of Discrepancy attached to the Preliminary Assessment Notice, as well as the Formal Letter of Demand with the Final Assessment Notices, did not even comment or address the defenses and documents submitted by Avon. Thus, Avon was left unaware on how the Commissioner or her authorized representatives appreciated the explanations or defenses raised in connection with the assessments.** There was clear inaction of the Commissioner at every stage of the proceedings.

First, despite Avon's submission of its Reply, together with supporting documents, to the revenue examiners' initial audit findings, and its explanation during the informal conference, the Preliminary Assessment Notice was issued. The Preliminary Assessment Notice reiterated the same audit findings, except for the alleged under-declared sales which ballooned in amount from P15,700,000.00 to P62,900,000.00, without any discussion or explanation on the merits of Avon's explanations.

Upon receipt of the Preliminary Assessment Notice, Avon submitted its protest letter and supporting documents, and even met with revenue examiners to explain. **Nonetheless, the Bureau of Internal Revenue issued the Final Letter of Demand and Final Assessment Notices, merely reiterating the assessments in the Preliminary Assessment Notice. There was no comment whatsoever on the matters raised by Avon, or discussion of the Bureau of Internal Revenue's findings in a manner that Avon may know the various issues involved and the reasons for the assessments.**

Under the Bureau of Internal Revenue's own procedures, the taxpayer is required to respond to the Notice of Informal Conference and to the Preliminary Assessment Notice within 15 days from receipt. Despite Avon's timely submission of a Reply to the Notice of Informal Conference and protest to the Preliminary Assessment Notice, together with supporting documents, the Commissioner and her agents violated their own procedures by refusing to answer or even acknowledge the submitted Reply and protest.

The Notice of Informal Conference and the Preliminary Assessment Notice are a part of due process. They give both the taxpayer and the Commissioner the opportunity to settle the case at the earliest possible time without the need for the issuance of a Final Assessment Notice. However, this purpose is not served in this case because of the Bureau of Internal Revenue's inaction or failure to consider Avon's explanations.

. . .

It is true that the Commissioner is not obliged to accept the taxpayer's explanations, as explained by the Court of Tax Appeals. However, when he or she rejects these explanations, he or

> **she must give some reason for doing so. He or she must give the particular facts upon which his or her conclusions are based, and those facts must appear in the record.**
>
> **Indeed, the Commissioner's inaction and omission to give due consideration to the arguments and evidence submitted before her by Avon are deplorable transgressions of Avon's right to due process. The right to be heard, which includes the right to present evidence, is meaningless if the Commissioner can simply ignore the evidence without reason.**[22]

Commissioner of Internal Revenue v. Unioil Corporation (Unioil)[23] then abridged the dictum in *Avon* as follows:

> What we can refract from our ruling in Avon Products is that the CIR, in exercising its power to assess and collect taxes if these are owed, ought to give due consideration to the arguments and evidence submitted by the affected party.

Petitioner ignored the teachings parted by *Ang Tibay, Avon,* and *Unioil.* Specifically, respondent received the BIR's PAN, encapsulating the BIR's projected deficiency internal revenue taxes against it.[24] Respondent filed its reply thereon.[25] Instead of explaining why respondent's postulations in said reply are unacceptable, the BIR repeated the infraction it did in *Avon* – mirroring the findings per PAN,[26] in the FLD,[27] *sans* justification as to why those postulations are wanting. *Ergo,* the CTA in Division correctly invalidated the deficiency tax assessments found by the BIR against respondent, for being offensive of the latter's right to due process.

Petitioner contends that none of the defenses raised in respondent's reply on the PAN were supported or corroborated by proper documentation;[28] hence, the reiteration of the findings per PAN, in the FLD is proper.

The contention is unavailing.

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22 Boldfacing ours.
23 G.R. No. 204405, August 4, 2021.
24 *Supra* note 5.
25 *Supra* note 6.
26 *Supra* note 5.
27 *Supra* note 7.
28 See paragraphs 29-33, Petition for Review in CTA EB No. 3084. *Rollo,* pp. 16-17.

Petitioner had a reason, *i.e.,* the defenses on the proposed deficiency taxes are unsupported or uncorroborated with proper documentation, why the BIR replicated the findings per PAN, in the FLD. In this regard, *Avon* ordained that "... when [petitioner] rejects these explanations, he or she must give some reason for doing so. **He or she must give the particular facts upon which his or her conclusions are based, and those facts must appear in the record.**"[29] The reason invoked by petitioner could *not* be found in the FLD,[30] as commanded by *Avon.* This fortifies the finding that the BIR indeed affronted respondent's right to due process.

Petitioner nevertheless asserts that respondent was afforded ample opportunity to present its side because respondent was able to file an administrative protest on RD Aguila's FLD. Moreover, respondent's request for reinvestigation was given due course, as shown by the reduction of the amount of tax liabilities in the FDDA. Thus, respondent's right to due process was respected.

This should be corrected.

Petitioner framed a similar argument in *Commissioner of Internal Revenue v. Fort 1 Global City Center, Inc. (FGCCI).*[31] There, petitioner argued that "[therein respondent] cannot claim that it was denied due process when it was given the opportunity to be heard during the BIR proceedings."[32] *FGCCI* found this argument wanting, attended by the following exposition:

> That [the taxpayer] was able to file its protests and responses to the BIR does not bar it from raising the issue of due process. In Mannasoft, We held that the BIR's defect in complying with the requirements of due process was not cured by the fact that the taxpayer could file a protest to the FAN. Moreover, the BIR was negligent in complying with its own rules; hence, it should not be allowed to benefit from the doctrine of estoppel.

The *rationale* for *FGCCI's* exposition harkens back to the following enunciation in *Pilipinas Shell Petroleum Corporation v. Commissioner of Internal Revenue (PSPI)*[33] – "[w]hile [the taxpayer]

[29] Boldfacing ours.
[30] *Supra* note 7.
[31] G.R. No. 263811, November 26, 2024.
[32] Penultimate sentence, paragraph 2, Arguments of the Parties, *supra* note 31.
[33] G.R. No. 172598, December 21, 2007.

indeed protested the formal assessment, such does not denigrate the fact that it was deprived of statutory and procedural due process to contest the assessment before it was issued."

Prescinding from *FGCCI* and *PSPI*, respondent's filing of an administrative protest on RD Aguila's FLD does not divest respondent from advancing the matter of due process. Neither does said filing fix the wrongdoing caused by the BIR against respondent. In addition, if the BIR cannot benefit from the principle of estoppel due to negligence in complying with its own rules, with more reason should such principle be applied here because the BIR failed to abide with the pronouncements of the Supreme Court in *Ang Tibay, Avon,* and *Unioil.*

ACCORDINGLY, the Petition for Review dated February 27, 2025 in CTA EB No. 3084 is **DENIED**, for lack of merit. The Decision dated July 26, 2024 and Resolution dated January 8, 2025, both handed down by the Court of Tax Appeals – Second Division in CTA Case No. 10468 are **AFFIRMED**.

SO ORDERED.

Marian Ivy F Reyes-Fajardo
MARIAN IVY F. REYES-FAJARDO
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

LANEE S. CUI-DAVID
Associate Justice

CORAZON G. FERRER-FLORES
Associate Justice

HENRY S. ANGELES
Associate Justice

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, 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.

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice