REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

COMMISSIONER OF INTERNAL REVENUE,
Petitioner,

-versus-

DANILO A. LIHAYLIHAY,
Respondent.

CTA EB No. 625
(CTA Case No. 7515)

Present:

Acosta, *P.J.,*
Castañeda, Jr.,
Bautista,
Uy,
Casanova,
Palanca-Enriquez,
Fabon-Victorino,
Mindaro-Grulla, and
Cotangco-Manalastas, *JJ.*

PROMULGATED:
MAY 27 2011 10:10 a.m.

x---x

D E C I S I O N

CASTAÑEDA, JR., *J.*:

This is a Petition for Review filed before the Court of Tax Appeals *En Banc* assailing the Decision[1] dated November 23, 2009 and the subsequent Resolution[2]

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[1] *Rollo, pp. 9-28;* Penned by Associate Justice Caesar A. Casanova (now a member of the CTA Second Division), with Presiding Justice Ernesto D. Acosta and Associate Justice Lovell R. Bautista (now Chairperson of the CTA Third Division), concurring.

of the CTA First Division dated April 16, 2010, both entitled, *Danilo A. Lihaylihay versus Commissioner of Internal Revenue,"* docketed as CTA Case No. 7515.

The dispositive portion of the assailed Decision provides, as follows:

> "**WHEREFORE**, in view of the foregoing, the instant Petition for Review is hereby **PARTIALLY GRANTED.** Respondent is **ORDERED** to pay petitioner the amount of P229,607.94, computed as follows.

1996 deficiency income tax paid/credited	P1,255,528.66
1996 deficiency withholding tax	275,191.00
Total deficiency taxes paid	P1,530,719.66
15% Informer's reward due	**P 229,607.94**

> Respondent is likewise ordered to pay 6% interest from the date of this judgment, and 12% interest from finality of judgment until actual payment thereof.
>
> **SO ORDERED."**

The dispositive portion of the assailed Resolution reads:

> **WHEREFORE,** there having no new matters or issues advanced by the respondent in the present motion which may compel this Court to reverse, modify or amend the November 23, 2009 Decision of this Court, respondent-CIR's "Motion for Partial Reconsideration" is hereby **DENIED** for lack of merit.
>
> **SO ORDERED."**

THE FACTS

The facts of the case as found by the CTA First Division are as hereunder reproduced as follows: *Je*

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[2] *Rollo, pp. 29-30.*

Danilo A. Lihaylihay (petitioner) is a tax informer who files tax denunciations with the Bureau of Internal Revenue (BIR) against certain tax evaders and smugglers in the country with post office address at No. 25 Kaunlaran Street, Batasan Hills, Quezon City where summons and other legal processes may be served.

Respondent is the duly appointed Commissioner of Internal Revenue mandated by law to enforce and implement the provisions of the National Internal Revenue Code (NIRC) as well as tax related statutes and their implementing rules and regulations, including the power to decide "other matters" or claims for the payment of informer's reward pursuant to Section 4 of the 1997 NIRC, with office address at the BIR National Office Building, Agham Road, Diliman, Quezon City, where summons and other legal processes may be served.

On August 8, 1997, petitioner filed a sworn information docketed as Confidential Information (CI) No. 45-97 referring to the alleged tax evasion schemes of Gemsteel, Incorporated for the taxable years 1993, 1994, 1995 and 1996.

Petitioner claims that Gemsteel, Incorporated filed an amended Income Tax Return (ITR) for the year 1996 on November 28, 1997 having been forewarned of the impending tax investigations against it. Upon filing an amended ITR, Gemsteel, Incorporated allegedly made the following credit and payments of its deficiency taxes:

1996 deficiency income tax paid but applied as credit to next year (1997 ITR)	P1,255,528.66
1996 deficiency withholding tax	275,191.00
Total deficiency taxes paid	P1,530,719.66

On January 18, 2005, respondent received a letter of formal demand from petitioner, dated January 17, 2005, stating that under Section 281(1) of the 1977 NIRC, a reward in the amount of P422,478.63 should be paid to him based on the following computation:

1996 deficiency income tax paid/credited	P1,255.528.66
1996 deficiency withholding tax	275,191.00
Total deficiency taxes paid	P1,530,719.66
15% Informers reward due	229,607.94
Add: 12% legal interest per annum from 1997 up to 2004 (Art. 1169 of the Civil Code) and Supreme Court Ruling in Eastern Shipping Lines, Inc. vs. Court of Appeals and Mercantile Insurance Co., Inc, G.R. No. 97412 dated July 12, 1994 (84%)	192,870.67

Total rewards collectible	**P 422,478.63**

On April 20, 2006, petitioner sent another letter to the BIR Law Division which was stipulated to be a supplement to his formal demand dated January 18, 2005. In said letter, petitioner is now claiming a reward equivalent to 25% of the taxes collected pursuant to the Informer's Reward Law (Republic Act 2338) which is a special law that should prevail over a general law, i.e. the 1977 NIRC. Thus, petitioner now claims that the informer's reward due him is P246,418.42.

Not having received any decision from the respondent, petitioner filed the instant Petition for Review on August 25, 2006.

Respondent filed his Answer on October 12, 2006 denying paragraphs 1, 3, 4, 5, 6 and 12 of the Petition for Review because he has no knowledge or information sufficient to form a belief as to the truth of such allegations; denying paragraphs 7, 8, 9, 11 and 13 of the same Petition for being erroneous conclusions of fact and law; and admitting paragraphs 2 and 10 of the Petition for Review.

On December 6, 2006, the Court issued a Resolution ordering respondent to elevate the entire BIR Records of this case. On December 8, 2006, respondent filed a Manifestation stating that he cannot elevate the BIR Records of the case because Revenue Region No. 5 of Valenzuela City denied the Litigation Division's request to forward the docket of the Gemsteel, Incorporated Case on the ground that the assessment was already settled.

In two hearings, respondent explained that there are two records of the case; one is for informer's reward and the other is for the assessment for Gemsteel, Incorporated. However, Gemsteel, Incorporated records can no longer be forwarded to this Court as the assessment has been cancelled on account of payment by said corporation. As to the informer's reward records, respondent committed to transmit the same to the Court and, likewise, manifested in open court that it will file a motion for the issuance of a *subpoena* addressed to the Regional Director of Region No. 5, Valenzuela City.

On March 1, 2007, respondent filed an *Ex Parte* Motion for Issuance of Subpoena Duces Tecum praying that the Regional Director of Revenue Region No. 5 of Valenzuela City and Commission on Audit of the BIR Field Office be required to submit the pertinent dockets in their custody to this Court. Nonetheless, despite notice, both the Regional Director and Commission on Audit failed to submit the records of the case in their possession.

On March 19, 2007, petitioner filed a Motion for Contempt praying that then Commissioner of Internal Revenue, Atty. Jose Mario C. Buñag, and his special counsel, Atty. Romel C. Curiba, be cited for indirect contempt for having failed to submit the records of the case. On April 30, 2007, this Court issued a Resolution ordering the Regional Director of Revenue Region 5 and the Resident Auditor of the Commission on Audit assigned at the BIR Field Office to explain why they failed to forward the records of the case of Gemsteel, Incorporated for taxable years 1993 to 1995.

On May 18, 2007, the Assistant Regional Director and Officer-in-Charge of BIR Revenue Region No. 5 of Valenzuela City, Eduardo T. Bajador, filed an Explanation which stated in sum that the records of Gemsteel Incorporated were already disposed as of October 31, 2006.

On June 6, 2007, the Supervising Auditor of the Commission on Audit elucidated that although they have records of other payments made to petitioner by the BIR as informer's reward, records pertaining to the case at hand is not with them nor was there any record received from the BIR Law Division.

During the hearing on June 8, 2007, the instant Petition for Review was dismissed on the ground of lack of jurisdiction based on the findings that there was actually no formal denial by respondent of petitioner's claim for informer's reward; the Court added that the case should be filed with the Regional Trial Court.

On July 23, 2007, petitioner filed a Motion for Reconsideration on the denial of his Petition arguing mainly that under Section 11 of Republic Act 1125, as amended by Republic Act 9282, the Court of Tax Appeals has jurisdiction over appeals filed by "any party adversely affected by the inaction" of the respondent. The Court, finding merit in said argument, granted the Motion for Reconsideration *via* a Resolution dated October 15, 2007.

On April 9, 2008, petitioner filed an Omnibus Motion stating that the Motion for Contempt filed on March 19, 2007 be resolved in so far as Atty. Romel Curiba is concerned. On April 25, 2008, respondent filed an Opposition to the Motion for Contempt alleging that Atty. Romel Curiba is not in possession of the records sought by petitioner and, likewise, exercised due diligence in locating the records. In a Resolution dated May 9, 2008, petitioner's Omnibus Motion was denied for lack of merit.

Petitioner presented his documentary and testimonial evidence on April 10, 2008, and, thereafter, filed his Formal Offer of Exhibits on April 29, 2008 which this Court resolved on June 23, 2008 by denying all documentary exhibits except Exhibits "C", "F", "G", and "H". Petitioner filed a Motion for Reconsideration on said Resolution on July 2, 2008. Having found the Motion meritorious, the Court admitted the initially denied Exhibits "A, A-1, A-2, B, D, E, E-1, G-1 and J".

> On September 16, 2008, respondent manifested in open Court that he will no longer present any evidence in his behalf and thereby submitted the case for decision. Upon submission of the parties respective Memorandum, November 6, 2008 for the petitioner and November 14, 2008 for respondent, the case was submitted for Decision on November 21, 2008.

Acting on the petition, the CTA First Division rendered a Decision on November 23, 2009, partially granting the Petition.

Undaunted, the petitioner filed a Motion for Partial Reconsideration on December 11, 2009. The CTA First Division, in its Resolution dated April 16, 2010 denied the said Motion for lack of merit.

On April 30, 2010, petitioner thus filed the instant Petition for Review *En Banc*.

In a resolution dated May 6, 2010, respondent was required to file comment within ten (10) days from receipt of said resolution.

In the meantime, respondent filed a "Motion for the Issuance of Writ of Execution" with the Special First Division (CTA First Division) on May 24, 2010 and a "Second Motion for Issuance of Writ of Execution Pending Appeal" with CTA *En Banc* on June 9, 2010, praying that the corresponding Order of Execution be issued for good reasons commanding the respondent Commissioner of Internal Revenue to execute pending appeal to satisfy the judgment of P229,607.94 plus 6% interest from November 23, 2010[3].

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[3] It should be read as November 23, 2009; *Rollo, p. 40.*

On the July 13, 2010 Resolution, this Court *En Banc* denied the "Second Motion for Issuance of Writ of Execution Pending Appeal" for lack of jurisdiction. It was further noted that no Comment was filed by respondent with respect to CIR's Petition for Review. This Court gave due course to the Petition and required the parties to submit their memoranda within a non-extendible period of thirty (30) days from receipt of the said resolution. Parenthetically, in a resolution dated September 30, 2010, the CTA Special First Division denied the Motion for Issuance of Writ of Execution pending appeal for lack of merit.

For failure of both parties to submit their respective memorandum, the instant case is submitted for decision on September 15, 2010.

THE ISSUES

I. RESPONDENT IS NOT LEGALLY ENTITLED TO THE 15% INFORMER'S REWARD ON THE COMPROMISE PAYMENTS MADE BY GEMSTEEL, INC. TO RESPONDENT ON NOVEMBER 28, 1997

II. RESPONDENT IS NOT ENTITLED TO ANY INTEREST UNTIL FINAL JUDGMENT HAS BEEN RENDERED.

THE COURT'S RULING

Respondent is entitled to an informer's reward.

Petitioner argues that entitlement to an informer's reward is equivalent to that in a claim for refund. Thus, it is necessary for respondent to prove the fact that the evidence he (respondent) presented to petitioner is sufficient for the latter to conduct an immediate investigation against the erring taxpayer. Absent convincing evidence, the claim for such informer's reward must be denied. Petitioner submits that there was such an absence of evidence that respondent deserves the informer's reward as he had no material and relevant documents to prove his claim.

Petitioner further argues that the amount acquired by petitioner did not arise from the confidential information but from the voluntary action of Gemsteel, Incorporated, hence there is no basis for an informer's reward. Petitioner alleges that it is paramount for respondent to prove that there was no existing investigation against the said company when respondent's confidential information was presented to petitioner.

We are not persuaded.

Pertinent to this case is Section 281 paragraph 1 of the National Internal Revenue Code of 1977, as amended, which reads as follows:

> "SEC. 281. ***Informer's reward to persons instrumental in the discovery of violations of the National Internal Revenue Code and in the discovery and seizure of smuggled goods.***
>
> (1) **For violation of the National Internal Revenue Code. – Any person, except an internal revenue official or employee, or other public official, or his relative within the sixth degree of consanguinity, who voluntarily gives definite and sworn information, not yet in the possession of the Bureau of Internal Revenue, leading to the discovery of frauds upon the internal revenue laws or violations of any of the provisions thereof, thereby resulting in the recovery of revenues, surcharges and fees and/or the conviction of the guilty party and/or the imposition of any fine or**

> **penalty, shall be rewarded in a sum equivalent to fifteen *per centum* of the revenue, surcharge or fees recovered and/or fine or penalty imposed and collected.** The same amount of reward shall also be given to an informer where the offender has offered to compromise the violation of law committed by him and his offer has been accepted by the Commissioner and in such as case, the fifteen *per centum* reward fixed herein shall be based on the amount agreed upon in the compromise and collected from the offender: *Provided*, That should no revenue, surcharges or fees be actually recovered or collected, such person shall not be entitled to a reward: *Provided, further*, That the information mentioned herein shall not refer to a case already pending or previously investigated, or examined by the Commissioner of any of his deputies, agents or examiners, or the Secretary of Finance or any of his deputies or agents. *Provided, finally*, That the reward provided herein shall be paid under regulations issued by the Commissioner of Internal Revenue with the approval of the Secretary of Finance. (Emphasis supplied)
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> x x x x x x x x x"

Based on the foregoing provision, it being sufficient for its operation that the person or entity concerned is subject to, and violated, revenue laws, and the informer's report thereof resulted in the recovery of revenues.[4] Informer's reward is contingent upon the payment and collection of unpaid or deficiency taxes. An informer is entitled by way of reward only to a percentage of the taxes actually assessed and collected.[5] Although this results in a reduction in the amount of revenues actually received, the net effect is that the government still

[4] *The Commissioner of Internal Revenue v. The Commission on Audit,* G.R. Nos. 101976 and 102258, January 29, 1993, 218 SCRA 203, 214.
[5] *Meralco Securities Corporation v. Hon. Savellano, et. al.,* G.R. Nos. L-36181 and L-36748, October 23, 1982, 117 SCRA 804, 813.

gains from the remaining amount paid, which otherwise would have been lost to it.[6]

Moreover, in the Supreme Court consolidated cases of *Philippine National Oil Company v. Court of Appeals et al., and Philippine National Bank v. Court of Appeals et al.,*[7] the High Court ruled that Section 316 (subsequently known as Section 281) paragraph 1 of the NIRC of 1977, as amended, did not make a distinction as to the manner the tax liability was collected as long as the amount actually recovered or collected by the BIR was based on the confidential information. Pertinent portion of this case provides as follows:

> Section 316(1) of the NIRC of 1977, as amended, granted a reward to an informer equivalent to 15% of the revenues, surcharges, or fees recovered, plus, any fine or penalty imposed and collected. The provision was clear and uncomplicated — an informer was entitled to a reward of 15% of the total amount actually recovered or collected by the BIR based on his information. The provision did not make any distinction as to the manner the tax liability was collected — whether it was through voluntary payment by the taxpayer or through garnishment of the taxpayer's property. Applicable herein is another well-known maxim in statutory construction — *Ubi lex non distinguit nec nos distinguere debemos* — when the law does not distinguish, we should not distinguish. (Citations omitted)

In this case, it is undisputed that respondent executed an Affidavit dated August 6, 1997 stating that he is not an internal revenue or customs official or employee or any other public official or employee nor is a relative within the sixth degree of consanguinity to any internal revenue official or customs official or employee or any other public official; and that the information regarding the *ge*

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[6] *Supra, note 4.*
[7] G.R. No. 109976 and G.R. No. 112800, April 26, 2005, 457 SCRA 32, 114.

alleged schemes of a certain taxpayer committing massive tax evasion/fraud for taxable years 1995 and 1996 was definite and sworn to by stating the ground which constitute such facts.[8] It is worthy to mention that there was recovery of taxes by the voluntary payment of Gemsteel by availing the Voluntary Assessment Program (VAP).

After a careful perusal of the records, We agree with the findings of the CTA First Division that Confidential Information ("CI") 45-97 filed by respondent was used as a reference which gave rise to the investigation of Gemsteel, Incorporated. Thus, We reiterate the pertinent portion of the assailed Decision, as follows:

> Based from the records of the case and evidence presented by petitioner, **it can be concluded that CI 45-97 precipitated the investigation of Gemsteel Incorporated which resulted in the recovery of taxes: petitioner filed his CI 45-97 on August 8, 1997 with the BIR notifying the latter of Gemsteel, Incorporated's alleged evasion of payment of taxes; on August 21, 1997, the Tax Fraud Division of the BIR issued a Memorandum ordering Revenue Officers Remedios Advincula and Angelito Burgos to investigate the veracity of CI 45-97; on November 28, 1997, Gemsteel, Incorporated filed its Amended ITR, paid its deficiency taxes and availed of the Voluntary Assessment Program (VAP) which was contested by petitioner in a letter to the BIR dated October 28, 1998. The BIR itself admitted that it acted on CI 45-97, in its letter-reply dated November 10, 1998, which stated that a report on the information was already submitted on September 28, 1998 by the assigned revenue officers. Naturally, if Gemsteel, Incorporated availed of the VAP, payment of taxes was eventually made and revenue inured to the government.**

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[8] *Division Docket, p. 273.*

> Respondent failed to present records to disprove petitioner's claim, manifesting that the VAP files of Gemsteel, Incorporated were destroyed despite less than ten (10) years of being an active file and that the informer's reward files of petitioner were curiously cannot be found or forwarded by the responsible department. Moreover, respondent failed to move for reconsideration on the admission of all the documents of petitioner. Hence, this Court finds no basis to deny petitioner's claim for informer's reward, albeit not at the rate of 25%, but at the rate of 15%. (Emphasis supplied)

On the basis of the above disquisition, We agree with the CTA First Division that respondent is entitled to the informer's reward.

It is noteworthy to mention that statutes offering rewards must be liberally construed in favor of informers and with regard to the purpose for which they are intended, with mere technicality yielding to the substantive purpose of the law. Otherwise, the government would lose a positive and effective means of checking the anomalies that are committed to the detriment of the finances of the State.[9]

An informer's reward is not subject to interest.

Petitioner reiterates its argument that informer's reward is not subject to legal interest until final judgment has been rendered. Petitioner argues that an informer's reward is neither a loan nor forbearance, thus, it cannot accrue interest. Moreover, respondent in fact admitted that there is no stipulation in the Confidential Information he filed as to the rate of the legal interest in case of

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[9] *Penid v. Virata,* G.R. No. L-44004, March 25, 1983, 121 SCRA 166, 172, citing 46 Am. Jur. 112; *Rubic v. Auditor General,* 100 Phil. 772.

default or late payment of the reward money. Petitioner even cites several Supreme Court rulings to the effect that its rulings are silent as to the right of the informer to any legal interest.

Interest may be paid only either as compensation for the use of money (monetary interest)[10] or as damages (compensatory interest).[11] Interest is demandable if: 1. There is monetary obligation and 2. Debtor incurs delay. Moreover, the right to interest arises only by virtue of a contract or by virtue of damages for delay or failure to pay principal on which interest is demanded. In other words, the right to interest arises only by reason of the contract (stipulation in writing) or by reason of delay or failure to pay principal on which interest is demanded.[12] Interest is nothing more than the compensation agreed to be paid by the borrower for the use of money lent to him by the lender.[13] Moreover, Articles 1956 and 2209 of the New Civil Code provides that for interest to be awarded, there must be a monetary obligation involved.

The CTA First Division correctly took its stance when it did not grant an additional interest in favor of the respondent. In fact, this issue has already been passed upon by the CTA First Division and agreed with the petitioner that an informer's reward is neither a loan nor forbearance, thus, cannot accrue interest.[14] The CTA First Division did not err when it anchored its claim on the

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[10] *Article 1956, New Civil Code.*
[11] *Article 2209, New Civil Code.*
[12] *Barretto v. Santa Marina and "La Insular,"* 37 Phil. 568.
[13] *Pineda, Credit Transactions, 2004 ed.*
[14] *Rollo, p. 24.*

basis of prevailing jurisprudence, it was always silent on the right of the informer to any legal interest.[15]

The CTA First Division ruled that the 12% interest applies only on loans, forbearances of money and rate of judgments citing the case of *Reformina v. Tomol, Jr.,*[16] which We quote:

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> Acting pursuant to this grant of authority, the Monetary Board increased the rate of legal interest from that of six (6%) percent per annum originally allowed under Section 1 of Act No. 2655 to twelve (12%) percent per annum.
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> It will be noted that Act 2655 deals with interest on (1) **loans**; (2) **forbearances** of any money, goods, or credits; and (3) **rate allowed in judgments**.
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> The issue now is–what kind of judgment is referred to under the said law. Petitioners maintain that it covers all kinds of monetary judgment.
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> The contention is devoid of merit.
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> The judgments spoken of and referred to are judgments in litigations **involving loans or forbearance of any money, goods, or credits. Any other kind of monetary judgment which has nothing to do with, nor involving loans or forbearance of any money, goods or credits does not fall within the coverage of said law for it is not within the ambit of the authority granted to the Central Bank.**
>
> (Emphasis supplied)
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On the basis of the above ruling of the High Court, it is crystal clear that an informer's reward does not fall within the ambit of either a "loan" or

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[15] *Id., at p. 5.*
[16] G.R. No. L-59096, October 11, 1985, 139 SCRA 261, 265-266.

"forbearance" of money, goods or credit. It is only in contracts of loan, that interest may be demanded.[17]

As to the issue of awarding legal interest rate to respondent, the High Court has, in the celebrated case of *Eastern Shipping Lines, Inc., v. Court of Appeals,*[18] formulated the following guidelines as to the award of legal interest, to wit:

> I. When an obligation, regardless of its source, i.e., law, contracts, quasi-contracts, delicts or quasi-delicts is breached, the contravenor can be held liable for damages. The provisions under Title XVIII on "Damages" of the Civil Code govern in determining the measure of recoverable damages.
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> II. With regard particularly to an award of interest in the concept of actual and compensatory damages, the rate of interest, as well as the accrual thereof, is imposed as follows:
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> 1. When the obligation is breached, and it consists in the payment of a sum of money, i.e., a loan or forbearance of money, the interest due should be that which may have been stipulated in writing. Furthermore, the interest due shall itself earn legal interest from the time it is judicially demanded. In the absence of stipulation, the rate of interest shall be 12% per annum to be computed from default, i.e., from judicial or extrajudicial demand under and subject to the provisions of Article 1169 of the Civil Code.
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> 2. **When an obligation, not constituting a loan or forbearance of money, is breached, an interest on the amount of damages awarded may be imposed at the *discretion of the court* at the rate of 6% *per annum*.** No interest, however, shall be adjudged on

[17] *Soncuya v. Azarraga, et. al.,* G.R. No. L-43579, June 14, 1938, 65 Phil. 635, 655.
[18] G.R. No. 97412, July 12, 1994 234 SCRA 78, 95.

> unliquidated claims or damages except when or until the demand can be established with reasonable certainty. Accordingly, where the demand is established with reasonable certainty, the interest shall begin to run from the time the claim is made judicially or extrajudicially (Art. 1169, Civil Code) but when such certainty cannot be so reasonably established at the time the demand is made, the interest shall begin to run only from the date the judgment of the court is made (at which time the quantification of damages may be deemed to have been reasonably ascertained). The actual base for the computation of legal interest shall, in any case, be on the amount finally adjudged.
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> 3. **When the judgment of the court awarding a sum of money becomes final and executory, the rate of legal interest, whether the case falls under paragraph 1 or paragraph 2, above, shall be 12% per annum from such finality until its satisfaction, this interim period being deemed to be by then an equivalent to a forbearance of credit.**
>
> (Emphasis supplied)
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However, this Court finds that the guidelines enunciated in the case of *Eastern* does not squarely apply in the case at bar. In the case of *Republic of the Philippines represented by the Commissioner of Customs, v. Unimex Micro Electronics GmBH,*[19] the High Court ruled that the award of legal interest can only be granted in the following instances:

> More importantly, interest is not chargeable against petitioner **except when it has expressly stipulated to pay it**

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[19] G.R. 166309-10, March 9, 2007, 518 SCRA 19, 30-32.

> **or when interest is allowed by legislature or in eminent domain cases where damages sustained by the owner take the form of interest at the legal rate.** Consequently, the CA's imposition of the 12% p.a. legal interest upon the finality of the decision of this case until the value of the goods is fully paid (as forbearance of credit) is likewise bereft of any legal anchor. (Emphasis supplied)

In other words, for payment of interest to accrue, the following circumstances must be met: a) compensation for the use of money; b) or as damages c) when allowed by legislature, or d) in eminent domain cases.[20] None of these circumstances prevail in the case at bar.

Moreover, the NIRC of 1977 does not provide any payment of interest in case of delay; neither is the payment of informer's reward considered as compensation for the use of money or as damages in relation to such compensation or use; and the case involved does not concern an issue involving just compensation in an expropriation case. Finally, as correctly pointed out by the petitioner in the case of *Philippine National Oil Company, v. The Hon. Court of Appeals, et.al.* and *Philippine National Bank v. The Hon. Court of Appeals et.al.,*[21] the High Court made no mention that an informer is entitled to any interest.

By way of summation therefore, respondent's informer's reward is not entitled to any interest. gr

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[20] *Agfha, Incorporated v. Commissioner of Customs,* CTA EB No. 336, March 13, 2008.
[21] *Supra, note 7.*

WHEREFORE, the Petition for Review *En Banc* is hereby **DENIED** for lack of merit. Accordingly, the assailed Decision and Resolution of the CTA First Division dated November 23, 2009 and April 16, 2010, respectively, are hereby **AFFIRMED WITH MODIFICATION** that Petitioner's informer's reward is not subject to interest.

SO ORDERED.

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

WE CONCUR:

ERNESTO D. ACOSTA
Presiding Justice

LOVELL R. BAUTISTA
Associate Justice

ERLINDA P. UY
Associate Justice

CAESAR A. CASANOVA
Associate Justice

OLGA PALANCA-ENRIQUEZ
Associate Justice

ESPERANZA R. FABON-VICTORINO
Associate Justice

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

AMELIA R. COTANGCO-MANALASTAS
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, it is hereby certified that the above Decision has been reached in consultation with the members of the Court *En Banc* before the case was assigned to the writer of the opinion of the Court.

ERNESTO D. ACOSTA
Presiding Justice