REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL THIRD DIVISION

DAVAO CITY FOOD INDUSTRIES, INC., Petitioner,	**CTA CASE NO. 9013**
	Members:
- versus -	**FABON-VICTORINO,** *Acting Chairperson, and* **RINGPIS-LIBAN,** *JJ.*
COMMISSIONER OF INTERNAL REVENUE, Respondent.	Promulgated:
	DEC 0 5 2019 10:30 a.m.

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JUDGMENT ON COMPROMISE AGREEMENT

***Fabon-Victorino, J.*:**

For consideration is the *Joint Motion for the Approval of the Judicial Compromise Agreement* filed by the parties on November 11, 2018. The *Judicial Compromise Agreement* was entered into by petitioner's Treasurer, Roberto Juaquin P. Ramos, and respondent Commissioner of Internal Revenue Caesar R. Dulay on November 6, 2018.

The record shows that on January 21, 2019, the Court issued a Resolution[1] directing the parties to submit within fifteen (15) days from notice, a copy of the document authorizing Roberto Juaquin P. Ramos to enter into a compromise agreement on behalf of petitioner, as well as, the approval by the National Evaluation Board (NEB) of the compromise agreement. Pending compliance, the *Joint Motion for the Approval of the Judicial Compromise Agreement* was held in abeyance.

[1] Docket, pp. 1024-1025.

On May 22, 2019, the parties complied with the Court's directive, hence, the *Joint Motion for the Approval of the Judicial Compromise Agreement* was deemed submitted for resolution.

The relevant portion of the *Judicial Compromise Agreement* reads:

xxx xxx xxx

> **WHEREAS**, the **PARTIES**, for the purpose of avoiding and putting an end to a protracted, expensive and mutually prejudicial litigation, have agreed to amicably settle the above-mentioned case, upon terms and conditions hereinafter set forth;
>
> **NOW, THEREFORE**, for and in consideration of the foregoing premises, the **PARTIES** hereto have agreed as follows:
>
> **Section1. Judicial Compromise Amount**. In order to settle the above-mentioned case, the **TAXPAYER** has offered and the BIR has accepted the **amount adjudged in favor of the BIR in the Decision dated 14 June 2018 plus interest computed up to 31 August 2018 which is equivalent to approximately One Hundred Fifteen Percent (115%)** of the **Basic Tax** assessed in the total compromise amount of **Twelve Million Six Hundred Fifty-Two Thousand One Hundred Seven Pesos and Thirty Centavos (Php12,652,107.30) ("Judicial Compromise Amount")**.

xxx xxx xxx

> **Section 3. Effectivity of the Agreement**. This **Agreement** shall only take effect and bind the **PARTIES** upon final approval by the Honorable CTA. This **Agreement** shall thereafter remain in force and effect until completion and fulfillment of

the covenants an undertaking of the **PARTIES** hereto.

Section 4. Deliverables of the PARTIES upon approval of this Agreement by the Honorable CTA. Within seven (7) working days from receipt of the final approval by the Honorable CTA of this Agreement, the Taxpayer undertakes to submit to the **BIR** the **Judicial Compromise Amount**. Upon receipt of the **Judicial Compromise Amount**, the BIR undertakes to execute and deliver to the Taxpayer any and all documents as may be required to effectively and fully implement the provisions of this Agreement, withdrawing and cancelling the **FLD** dated July 31, 2014.

Section 5. **Authority to Enter Compromise Agreement**. The **BIR**, through Commissioner Caesar R. Dulay warrants that he has the necessary authority and capacity under the law to enter, sign, and execute this Agreement, and to deliver its implementing documents upon its approval of the Honorable CTA.

The **TAXPAYER** through its Treasurer, **ROBERTO JUAQUIN P. RAMOS**, similarly warrants that he is duly authorized by the Board of Directors of the **TAXPAYER** and has full legal capacity to enter, sign, and execute this Agreement, and to deliver payment of the above-agreed Judicial Compromise Amount.

Section 6. Full and Final Settlement. This Agreement is executed by the **PARTIES** for the purpose of amicably settling and ending CTA Case No. 9013. Upon performance by the **TAXPAYER of its obligations and under Section 4 hereof, the BIR** recognizes the full satisfaction of the supposed tax liability of the **TAXPAYER** in connection with CTA Case No. 9013 and acknowledges that the TAXPAYER no longer has any tax liability whatsoever based upon, arising from or in connection with the particular subject of CTA Case No. 9013.

xxx xxx xxx

Under the Civil Code and in the Revised Rules of Court, courts are directed to persuade litigants in civil cases to agree upon some fair compromise. Such agreement has the force of law and is conclusive between the parties.[2]

A compromise agreement that is basically intended to resolve a matter already under litigation is what would normally be termed a judicial compromise. Once it stamped with judicial imprimatur, it becomes more than a mere contract binding upon the parties; having the sanction of the court and entered as its determination of the controversy, it has the force and effect of any other judgment.[3]

Finding the Judicial Compromise Agreement voluntarily entered into by the parties not contrary to law, morals, public order and public policy, the same is approved.

WHEREFORE, the parties' *Joint Motion for the Approval of the Judicial Compromise Agreement* is hereby **GRANTED**. Accordingly, the Judicial Compromise Agreement entered into by the parties is **APPROVED** and judgment is rendered in accordance therewith. The parties are enjoined to faithfully and religiously comply with all the terms and conditions of the aforesaid Judicial Compromise Agreement.

SO ORDERED.

ESPERANZA R. FABON-VICTORINO
Associate Justice

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[2] *Viesca vs. Gilinsky*, G.R. No. 171698, July 4, 2007.
[3] *Armed Forces of the Philippines Mutual Benefit Association, Inc. vs. Court of Appeals*, G.R. No. 126745, July 26, 1999.

I concur:

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

ATTESTATION

I attest that the conclusions in the above Judgment on Compromise Agreement were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ESPERANZA R. FABON-VICTORINO
Associate Justice
Acting Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Acting Chairperson's Attestation, it is hereby certified that the conclusions in the above Judgment were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ROMAN G. DEL ROSARIO
Presiding Justice