REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL THIRD DIVISION

BUKIDNON II ELECTRIC COOPERATIVE, INC. (BUSECO), *Petitioner,*	**CTA Case No. 10930** Members: **REYES-FAJARDO**, *Chairperson,* and **ANGELES**, *JJ.*
-versus-	
COMMISSIONER OF INTERNAL REVENUE, *Respondent.*	Promulgated: APR 23 2026 11:50 a.m.

x- x

RESOLUTION

REYES-FAJARDO, *J.*:

On December 5, 2025, a Decision[1] was rendered, the *fallo* of which reads:

> **WHEREFORE**, in light of the foregoing considerations, the present *Petition for Review* is **PARTIALLY GRANTED**.
>
> Accordingly, the BIR's assessment for deficiency income tax, including surcharge and interest, in the aggregate amount of **₱8,153,399.23**, for the TY 2019, is **UPHELD**.
>
> However, the subject compromise penalties being imposed by the BIR totaling **₱125,000.00** are **CANCELLED** and **SET ASIDE**.
>
> Pursuant to Section 13 of RA No. 9282, the Court authorizes respondent to seize and distraint any goods, chattels, or effects, and the personal property, including stocks and other securities, debts, credits, bank accounts, and interests in and rights to personal

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[1] Decision, Docket - Vol. 1, pp. 348 to 361.

> property, and/or to levy the real property, of petitioner, in sufficient quantity to satisfy the taxes herein ordered to be paid, and the increments thereto incident to delinquency.
>
> **SO ORDERED.**

In so ruling, the Court found that: 1) petitioner failed to prove that it is a non-stock, non-profit electric cooperative duly registered with the National Electrification Administration (NEA) to validly invoke the permanent income tax exemption granted under Section 39(a) of Presidential Decree (PD) No. 269;[2] and 2) compromise penalties may not be imposed without the conformity of the taxpayer.

Unyielding, both parties separately moved for reconsideration.

Respondent, in his *Partial Motion for Reconsideration (Re: Decision dated 5 December 2025)*,[3] argues that compromise penalties may validly be imposed for violations uncovered during audit and may be reflected in assessment notices and the Final Decision Disputed Assessment (FDDA). Respondent adds that the imposition of compromise penalties remains proper even if no criminal action is filed, since they are collected in lieu of instituting criminal proceedings for the violations committed.

Petitioner, in its *Motion for Reconsideration*,[4] argues that the Court erred in concluding that it failed to establish its registration with the NEA. Petitioner maintains that the Court's rejection of the certified machine copy of its NEA Certificate of Registration for failure to present the original was unduly rigid, asserting that duplicates are generally admissible under the Rules on Evidence.[5]

To dispel any perceived doubt as to its NEA registration, petitioner submits additional documents[6] issued by the NEA

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2 The supposed evidence (marked as Exhibit "P-2") purporting to prove such registration with the NEA was not admitted in evidence for failure to present the original thereof, Resolution dated September 13, 2024, Docket, pp. 336 to 337.

3 Docket – Vol. 1, pp. 362 to 367; Personally filed on January 6, 2025 and electronically filed on January 7, 2026.

4 Docket – Vol. 1, pp. 371 to 375; Personally and electronically filed on January 12, 2026.

5 *Id.*

6 Specifically: a Corporate Secretary's Certificate issued by the NEA (Exhibit "P-21"), a Certified True Copy of petitioner's Certificate of Certification bearing the NEA dry seal (Exhibit "P-22"), and NEA Memorandum to Electric Cooperatives No. 2020-057 relating

purportedly confirming its status as a duly registered electric cooperative under NEA supervision. In this regard, petitioner invokes the liberal application of procedural rules in the interest of substantial justice, arguing that the Court should consider these documents notwithstanding their belated submission.[7]

Petitioner likewise invokes the ruling of the First Division of this Court (CTA First Division) in *Bukidnon II Electric Cooperative, Inc. (BUSECO) v. Commissioner of Internal Revenue*, CTA Case No. 11142, promulgated on October 9, 2025. Petitioner argues that in said case, the Court recognized BUSECO as a non-stock, non-profit electric cooperative duly registered with the NEA and entitled to the income tax exemption under PD No. 269. Although that case involved a different taxable year, petitioner maintains that the judicial determination therein regarding its NEA registration should be considered controlling and that the present Decision should be harmonized with the findings in CTA Case No. 11142.[8]

Both *Motions* are devoid of merit.

As to respondent's *Partial Motion for Reconsideration*, the Court finds no reason to depart from its earlier ruling cancelling the compromise penalties. It is settled that compromise penalties are merely amounts suggested in settlement of criminal liability and, by their nature, require the taxpayer's consent.[9] Compromise necessarily implies mutual agreement between the parties, and the option to accept or refuse the same rests with the taxpayer.[10] Thus, absent proof that petitioner agreed to the compromise, the assessed compromise penalties cannot be sustained.

As to petitioner's *Motion for Reconsideration*, petitioner failed to demonstrate any reversible error in the Court's finding on the basis of the evidence formally admitted in this case.

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to the Electric Cooperative Overall Performance Assessment (Exhibit "P-23"), Motion for Reconsideration, Docket – Vol. 1, pp. 371 to 375.

7 Motion for Reconsideration, Docket – Vol. 1, pp. 371 to 375; Personally and electronically filed on January 12, 2026.

8 *Id.*

9 *The Philippines International Fair, Inc. v. The Collector of Internal Revenue, et al.*, G.R. Nos. L-12928 and L-12932, March 31, 1962.

10 *Id.*

First. Petitioner's additional NEA documents attached to its *Motion for Reconsideration* cannot be considered as part of the evidence of record.

At the outset, it bears stressing that under Rule 30, Section 5(a)[11] of the Rules of Court, petitioner, as the party asserting entitlement to the exemption, should have adduced during trial all the evidence upon which it relied in support of its claim. Upon admission of the evidence, the case is deemed submitted for decision under Section 5(g)[12] of the same Rule. The Supreme Court has explained that a party who bears the burden of proof must present, at the first instance, all the evidence it relies upon, and such evidence cannot be presented piecemeal.[13] Thus, the additional NEA documents, which petitioner submitted only together with its *Motion for Reconsideration*, came too late. Notably, petitioner did not even allege—much less establish—that these documents were newly discovered, previously unavailable, or could not have been presented during trial despite the exercise of reasonable diligence.

Rule 132, Section 34 of the Rules of Court is explicit: **a court shall consider no evidence which has not been formally offered, and the purpose for which the evidence is offered must be specified**. This rule applies suppletorily in proceedings before the Court of Tax Appeals (CTA) pursuant to Rule 1, Section 3 of the Revised Rules of the CTA (RRCTA).[14]

Here, the additional NEA documents were neither presented, identified, nor formally offered in evidence during trial, much less admitted by the Court. Petitioner's unilateral attachment of such documents to its *Motion for Reconsideration* does not make them part of the evidentiary record. Thus, petitioner cannot, through a mere motion for reconsideration, cure its failure to establish by competent and duly admitted evidence its claimed registration with the NEA.

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11 RULE 30, TRIAL, Section 5. Order of trial. — Subject to the provisions of Section 2 of Rule 31, and unless the court for special reasons otherwise directs, the trial shall be limited to the issues stated in the pre-trial order and shall proceed as follows:

(a) The plaintiff shall adduce evidence in support of his or her complaint;

12 RULE 30, TRIAL, Section 5. Order of trial. — . . . (g) Upon admission of the evidence, the case shall be deemed submitted for decision, unless the court directs the parties to argue or to submit their respective memoranda or any further pleadings.

13 *Sindophil, Inc. v. Republic of the Philippines*, G.R. No. 204594, November 7, 2018, citing *Republic v. Sandiganbayan*, G.R. No. 152154, July 15, 2011.

14 A.M. No. 25-11-07-CTA, November 22, 2025.

Accordingly, the Court is constrained to resolve petitioner's *Motion for Reconsideration* on the basis only of the evidence formally admitted in this case.

Second. Petitioner's reliance on the supposed liberality of procedure is unavailing.

While procedural rules may, in appropriate cases, be relaxed in the interest of substantial justice, such liberality is not a license to disregard the fundamental rules governing the presentation and admission of evidence.[15]

In *Commissioner of Internal Revenue v. De La Salle University, Inc.*,[16] the Supreme Court sustained the CTA's consideration of supplemental evidence because the same had been **formally offered in evidence** and the adverse party failed to timely object thereto. The circumstances obtaining in that case are not present here.

Here, **petitioner did not make a formal offer of evidence** with respect to Exhibits "P-21," "P-22," and "P-23." Instead, petitioner merely attached and referred to these documents in its *Motion for Reconsideration* as additional NEA-issued records purportedly supporting its claim of registration. Absent any showing of justifiable reason for their belated submission, petitioner cannot invoke the interest of substantial justice to compel the Court to receive and consider, after judgment, documents that were never formally offered and admitted in evidence in accordance with the Rules.

Third. Petitioner's invocation of the CTA First Division's ruling in CTA Case No. 11142, *Bukidnon II Electric Cooperative, Inc. (BUSECO) v. Commissioner of Internal Revenue*, is unavailing.

The Court is not obliged to take judicial notice of the ruling or records in CTA Case No. 11142. As a rule, evidence presented and admitted in another CTA case cannot simply be adopted in a separate

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15 *Asia United Bank v. Goodland Company, Inc.*, G.R. No. 188051, November 22, 2010; *Land Bank of the Philippines v. Continental Watchman Security Services, Inc.*, G.R. No. 175163, October 19, 2007.

16 G.R. Nos. 196596, 198841 & 198941, November 9, 2016.

case without being offered and identified anew.[17] Each case is distinct and must be resolved on the basis of the evidence on record therein, even if similar parties or issues are involved.[18]

In any event, the circumstances obtaining in CTA Case No. 11142 materially differ from those obtaining here. In that case: firstly, petitioner sufficiently established its NEA registration through admitted evidence, particularly its **Certificate of Franchise No. 076 dated August 6, 1973** issued by the NEA;[19] secondly, respondent did not dispute petitioner's status as a non-stock, non-profit electric cooperative; and finally, the Petition for Review was primarily granted because the assessment was declared void for denial of due process.[20]

In contrast, here, the supposed proof of petitioner's NEA registration was not admitted in evidence. Also, respondent specifically denied petitioner's allegation of such registration, thereby placing upon petitioner the burden to prove the same. The Court too resolved the case on that evidentiary footing, sustaining the income tax assessment because petitioner failed to establish the factual basis for invoking the income tax exemption under PD No. 269.

Besides, under Article 8 of the Civil Code[21] and the doctrine of *stare decisis*, only decisions of the Supreme Court constitute binding judicial precedents.[22] Hence, petitioner cannot insist that this Court is bound to adopt the findings in CTA Case No. 11142.

In fine, the Court finds no cogent reason to disturb its findings and conclusions in the assailed Decision.

WHEREFORE, premises considered, respondent's *Partial Motion for Reconsideration (Re: Decision dated 5 December 2025)* and petitioner's *Motion for Reconsideration* are **DENIED** for lack of merit.

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17 *Silkair (Singapore) Pte. Ltd. v. Commissioner of Internal Revenue*, G.R. No. 184398, February 25, 2010.

18 *Id.*

19 C.T.A. Case No. 11142, Exhibit "P-2," Docket, p. 29.

20 *Bukidnon II Electric Cooperative, Inc. (BUSECO) v. Commissioner of Internal Revenue*, C.T.A. Case No. 11142, October 9, 2025.

21 Civil Code, Article 8. Judicial decisions applying or interpreting the laws or the Constitution shall form a part of the legal system of the Philippines.

22 *Buella y Abalain v. People*, G.R. No. 244027, April 11, 2023; *United Coconut Planters Bank v. Spouses Walter Uy and Lily Uy*, G.R. No. 204039, January 10, 2018.

Accordingly, the Decision promulgated on December 5, 2025 is **SUSTAINED.**

Respondent's *Compliance with Attachments* dated February 10, 2026, with attached *Urgent Motion for Extension of Time to File Comment/Opposition* dated February 9, 2026, is **NOTED WITHOUT ACTION** for being moot and academic. Respondent's *Comment/Opposition* dated February 15, 2026 is likewise **NOTED WITHOUT ACTION** for having been filed out of time, after the incidents had already been submitted for resolution pursuant to the Court's Minute Resolution dated February 12, 2026.

SO ORDERED.

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

I CONCUR:

HENRY S. ANGELES
Associate Justice