REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

En Banc

AEON CREDIT SERVICES (PHILIPPINES) INC., *Petitioner,*	**CTA *EB* NO. 3091** (CTA Case No. 10693)
	Present:
-versus-	**RINGPIS-LIBAN,** *P.J.*, **BACORRO-VILLENA, MODESTO-SAN PEDRO, REYES-FAJARDO, CUI-DAVID, FERRER-FLORES,** *and* **ANGELES,** *JJ.*
COMMISSIONER OF INTERNAL REVENUE, *Respondent.*	Promulgated: APR 30 2026 3:41

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DECISION

MODESTO-SAN PEDRO, J.:

The Case

Before this Court is a Petition for Review, filed on February 18, 2025[1] with the Court of Tax Appeals *En Banc*, assailing the Resolution, promulgated July 22, 2024, denying petitioner's *Motion to Admit Attached Formal Offer of Evidence* and ruling as moot and academic petitioner's *Motion for Additional Time to File Petitioner's Formal offer of Evidence* and *Second Motion for Additional Time to File Petitioner's Formal Offer of Evidence*, and Resolution dated February 3, 2025, which denied petitioner's *Motion for Reconsideration (of the Resolution dated 22 July 2024)* for lack of merit.

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[1] EB Docket, pp.1-45.

The Parties

Petitioner is a domestic corporation duly organized and existing under Philippine Laws, with principal office at 3/F and 5/F Hanston Square, 17 San Miguel Avenue, Ortigas Center, Pasig City, and duly registered with the Bureau of Internal Revenue under Tax Identification Number 008-448-352.[2]

Respondent is the Commissioner of Internal Revenue duly appointed to perform the duties of his office, including the power to decide disputed tax assessments, subject to the exclusive appellate jurisdiction of the Honorable Court, pursuant to *Section 4 of the National Internal Revenue Code, as amended* (*NIRC*). Respondent holds office and may be served orders, notices, resolutions, and other processes of this Court at the BIR National Office Building, BIR Road, Diliman, Quezon City.[3]

The Facts

On October 16, 2018, petitioner received a Letter of Authority (LOA) eLA201600053009/LOA-043-2018-00000744[4] which authorized Revenue Officer (RO) Renato Atos and Group Supervisor (GS) Rosiel Montilla of Revenue District No. 043 – Pasig to examine petitioner's books of accounts and other accounting records for all internal revenue taxes for the period from January 1, 2017 to December 31, 2017 pursuant to *Section 6(A) and Section 10(C) of the NIRC*.

Thereafter, on December 18, 2020, petitioner received a Preliminary Assessment Notice (PAN)[5] with Details of Discrepancies,[6] assessing petitioner for alleged deficiency Income Tax (IT) of ₱159,495,788.67, deficiency Value-Added Tax (VAT) of ₱29,075,516.63, deficiency Final Withholding Tax (FWT) of ₱16,157,244.10, deficiency Documentary Stamp Tax (DST) of ₱11,938,973.14, and compromise penalties of ₱75,000.00, or an aggregate deficiency tax assessment of ₱216,742,522.54 for Taxable Year 2017.

Since January 2, 2021, the last day for petitioner to file a reply to the PAN, fell on a Saturday, petitioner filed its Reply[7] to the PAN on the immediately succeeding Monday, January 4, 2021.

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[2] Docket, Vol. I, pp. 6-87.
[3] Docket, Vol. III, p. 1682.
[4] BIR Records, p. 2
[5] *Id.*, pp. 340-341.
[6] *Id.*, pp. 342-344.
[7] *Id.*, pp. 510-526.

Merely three days from petitioner's filing of its Reply, or on January 7, 2021, petitioner received from respondent a Formal Letter of Demand and Final Assessment Notice (FLD/FAN) dated January 6, 2021.[8] In the FLD/FAN, petitioner was assessed for alleged deficiency taxes and compromise penalties in the total amount of ₱218,346,850.12, inclusive of surcharge and interest. The breakdown of the foregoing amount is as follows:

Tax Type	Basic Tax Due	Surcharge (25%)	Interest	Total Amount
IT	120,390,360.79	-	40,332,420.05	160,722,780.84
VAT	18,159,448.97	4,539,862.24	6,561,282.55	29,260,593.76
FWT	10,070,514..67	2,517,628.67	3,671,737.24	16,259,880.58
DST	8,793,537.00	-	3,235,057.94	12,028,594.94
Compromise Penalties	75,000.00	-	-	75,000.00
TOTAL				**218,346,850.12**

Within 30-days from petitioner's receipt of the FLD/FAN, or on February 5, 2021, petitioner filed its Protest[9] with the Office of the Regional Director of the BIR Revenue Region No. 7B – East NCR, requesting for reinvestigation and cancellation of the disputed assessments due to lack of factual and legal basis.

Given that petitioner had not received any decision from respondent on the former's protest despite the lapsing of the 180-day period, which expired on November 3, 2021, petitioner had 30 days therefrom or until December 3, 2021 to appeal respondent's inaction with the Court of Tax Appeals.

Thus, on December 2, 2021, petitioner filed with the Court of Tax Appeals its judicial protest by way of a Petition for Review[10] against respondent's assessments for alleged deficiency IT, VAT, FWT, DST, and compromise penalties in the amount of ₱218,346,850.12, inclusive of surcharge and penalties.

On May 5, 2022, respondent filed its Answer[11] praying that the court dismiss the Petition for Review, arguing that the assessments issued against petitioner are valid and lawful, and that the burden of proof is on the taxpayer who contests the validity or correctness of an assessment.

[8] *Id*, pp. 386-396.
[9] *Id.*, pp. 670-696.
[10] *Supra* note 2.
[11] Docket, Vol. II, pp. 946-949.

The Court in Division then issued a Resolution dated June 1, 2022,[12] referring the case for mediation and ordering both parties to proceed and appear before the Philippine Mediation Center – Court of Tax Appeals (PMC-CTA) on July 26, 2022.

The PMC-CTA filed its Report on August 23, 2022, stating that both parties failed to agree to enter into mediation proceedings. Hence, through a Resolution dated September 7, 2022,[13] the instant case was set for Pre-Trial Conference.

Respondent submitted its Pre-Trial Brief on October 24, 2022,[14] while the Pre-Trial Brief of petitioner was filed on January 24, 2023.[15]

The Court thereafter issued a Resolution dated January 26, 2023,[16] ordering both parties to submit their Joint Stipulation of Facts and Issues within 30 days or until February 27, 2023. The resolution instructed both parties to include the following issue: *Whether or not petitioner is liable for deficient Income Tax, Value-Added Tax, Final Withholding Tax, Documentary Stamp Tax and compromise penalties for the Calendar Year ended 31 December 2017, in the total amount of Two Hundred Eighteen Million Three Hundred Forty-Six Thousand Eight Hundred Fifty Pesos and Twelve Centavos (₱218,346,850.12), inclusive of surcharge and interest.*

On March 6, 2023, petitioner filed a *Motion to Admit Attached Joint Stipulation of Facts and Issues & Petitioner's Motion to Commission an Independent Certified Public Accountant,*[17] praying for the same to be admitted by the Court. Both were later on granted through a Resolution dated March 20, 2023.[18] Hence, Pre-Trial was deemed terminated.

Following the termination of Pre-Trial, the Court thereafter issued a Pre-Trial Order on April 26, 2023,[19] which itemized the parties' joint stipulation of facts, and the pieces of evidence of both parties.

On April 3, 2024, the Court issued an Order[20] giving petitioner a period of 30 days from April 16, 2024, or until May 16, 2024 within which to personally file her Formal Offer of Evidence.

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[12] *Id.*, p 953.
[13] *Id.*, p 957.
[14] Docket, Vol. III, pp. 1512-1514.
[15] *Id.*, pp.1516-1573.
[16] *Id.*, pp.1577-1579.
[17] *Id.*, pp. 1606-1610.
[18] *Id.*, p. 1657.
[19] *Id.*, pp. 1666-1703.
[20] *Id.*, pp. 1861-1862.

On May 16, 2024, petitioner filed its first *Motion for Additional Time to File Petitioner's Formal Offer of Evidence,*[21] praying for an additional period of ten days from May 16, 2024, or until May 26, 2024, within which to file the same.

Since May 26, 2024 fell on a Sunday, petitioner filed its *Second Motion for Additional Time to File Petitioner's Formal Offer of Evidence*,[22] praying for an additional five days from May 27, 2024, or until June 1, 2024, within which to file petitioner's Formal Offer of Evidence.

On May 31, 2024, petitioner submitted a *Motion to Admit Attached Formal Offer of Evidence (of Petitioner)*[23] praying that the attached Formal Offer of Evidence be admitted and duly considered in its resolution of the case.

In its Resolution dated July 22, 2024,[24] the Court in Division resolved to deny petitioner's *Motion to Admit Attached Formal Offer of Evidence (of Petitioner)* for lack of merit, and ruling its *Motion for Additional Time to File Petitioner's Formal Offer of Evidence* and *Second Motion for Additional Time to File Petitioner's Formal Offer of Evidence* moot and academic. In response, on August 13, 2024, petitioner filed a *Motion for Reconsideration (Of the Resolution dated 22 July 2024)*[25] praying for the Court in Division to reconsider, reverse, and set aside its Resolution denying petitioner's *Motion to Admit Attached Formal Offer of Evidence* filed on May 31, 2024, and to admit and duly consider the Formal Offer of Evidence in its resolution of the Petition for Review.

Upon review, the Court in Division upheld its stance in the Resolution dated July 22, 2024. It found that petitioner's failure to adhere to its own requested deadline, and instead filing another motion for extension one day late, on May 27, 2024, due to "heavy workload" constitutes inexcusable negligence. Hence, the Court in Division issued another Resolution dated February 3, 2025[26] denying petitioner's *Motion for Reconsideration (Of the Resolution dated 22 July 2024)* for lack of merit.

Aggrieved, petitioner filed the instant *Petition for Review (Re: Resolution dated 22 July 2024 and Resolution dated 03 February 2025 of the Third Division, Court of Tax Appeals)* on February 18, 2025,[27] praying that the Court *En Banc* reverse, nullify, and set aside the Resolutions issued by the Court in Division dated July 22, 2024 and February 3, 2025, and for

[21] *Id.*, pp. 1867-1870.
[22] *Id.*, p. 1873-1877.
[23] *Id.*, pp.1881-2486.
[24] *Id.*, pp. 2489-2491.
[25] *Id.*, pp. 2493-2518.
[26] Docket, Vol. V, pp. 2535-2536.
[27] EB Docket, pp. 1-51.

petitioner's Formal Offer of Evidence be admitted and duly considered in the resolution of the case.

Meanwhile, on January 12, 2026, in view of petitioner's cessation of its business operations as part of its intended exit from the Philippine market, the parties filed a *Joint Motion for Suspension of Proceedings and Submission of Case for Mediation* with the Court in Division, praying that the instant case be referred once again to the PMC-CTA for mediation, and that the same be suspended during the pendency of the mediation proceedings.

Hence, this Decision.

The Arguments

Petitioner raises the following arguments:[28]

(a) Petitioner's second Motion for Extension which was filed on May 27, 2024 was not belatedly filed, contrary to the Court of Tax Appeals (CTA) Division's second Resolution;

(b) The facts of the instant case, including the actual period within which petitioner submitted its FOE pursuant to its filed Motions for Extension and Motion to Admit, are not comparable to the facts of the Winterlecom case wherein the CIR incurred repeated and substantial delays in both the filing of its Answer and in the presentation of her evidence-in-chief;

(c) There was no "inexcusable laxity" or "needless delay and derailment of the speedy administration of justice" in this case, as the extension of time requested by petitioner and the actual time within which petitioner's FOE was filed are not so significant or substantial as to be considered tantamount to a "considerable delay", as illustrated by the Constantino case and the Pasag case;

(d) The rigid application of procedural rules in this instance undermines the pursuit of substantial justice;

(e) Allowing petitioner to formally offer the voluminous documentary evidence in support of its claims is more in consonance with the CTA's mandate of ensuring that the cases that come before it are decided based on their merits, rather than disposed of on technical grounds that defeat the interests of justice and the ascertainment of truth; and

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[28] *Supra* note 1.

(f) The summary denial of petitioner's Motion to Admit effectively deprives petitioner of its right to due process by preventing the presentation, admission, and consideration of critical evidence necessary for a fair and equitable determination of the case.

The Ruling of the Court

After a careful study of the records and the applicable laws, this Court *En Banc* finds that We lack the jurisdiction to entertain the present Petition.

The threshold issue is whether the Resolutions dated July 22, 2024 and February 3, 2025, respectively, may be considered as an appealable decision or resolution under the jurisdiction of the Court of Tax Appeals *En Banc*.

We find that they are not.

This Court takes notice that both assailed resolutions, which denied an extension for the filing of a Formal Offer of Evidence, is interlocutory in nature.

An interlocutory order is a ruling that does not fully resolve the case, but instead addresses a preliminary issue, leaving the court with further actions to take before a final judgment can be reached on the merits. It refers to any procedural decision made between the commencement and the end of the suit that decides a specific point, without finally disposing of the entire controversy.[29]

In the case of *Integrated Credit and Corporate Services, Co. v. Novelita Labrador and Philippians Academy of Paranaque City*,[30] citing the case of *Sps. Limso v. PNB*,[31] the Supreme Court discussed in detail the difference between an interlocutory order and a final judgment. It stated that:

> The distinction between a final or interlocutory order is well-settled. In *Spouses Limso v. Philippine National Bank* (*Spouses Limso*), the Court distinguishes between final and interlocutory orders, thus:
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> > The word interlocutory refers to something intervening between the commencement and the end of the suit which decides some point or matter but is not a final decision of the whole controversy. This Court had the occasion to distinguish a final order or resolution from an

[29] United Overseas Bank v. Hon. Judge Reynaldo Ros and Rosemoor Mining and Development Corporation, G.R. No. 171532, August 7, 2007.
[30] G.R. No. 233127, July 10, 2023.
[31] G.R. No. 158622, January 27, 2016.

> interlocutory one in the case of *Investments, Inc. v. Court of Appeals*, thus:
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> . . .
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> A "final" judgment or order is one that finally disposes of a case, leaving nothing more to be done by the Court in respect thereto, *e.g.*, an adjudication on the merits which, on the basis of the evidence presented on the trial, declares categorically what the rights and obligations of the parties are and which party is in the right; or a judgment or order that dismisses an action on the ground, for instance, of *res judicata* or prescription. Once rendered, the task of the Court is ended, as far as deciding the controversy or determining the rights and liabilities of the litigants is concerned. Nothing more remains to be done by the Court except to await the parties' next move (which among others, may consist of the filing of a motion for new trial or reconsideration, or the taking of an appeal) and ultimately, of course, to cause the execution of the judgment once it becomes "final" or, to use the established and more distinctive term, "final and executory."
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> . . .
>
> Conversely, an order that does not finally dispose of the case, and does not end the Court's task of adjudicating the parties' contentions and determining their rights and liabilities as regards each other, but obviously indicates that other things remain to be done by the Court, is "interlocutory," *e.g.*, an order denying motion to dismiss under Rule 16 of the Rules, or granting of motion on extension of time to file a pleading, or authorizing amendment thereof, or granting or denying applications for postponement, or production or inspection of documents or things, etc. Unlike a "final" judgment or order, which is appealable, as above pointed out, an "interlocutory" order may not be questioned on appeal except only as part of an appeal that may eventually be taken from the final judgment rendered in the case. (Citation omitted)
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> Thus, the main difference between an interlocutory order and a final order is that a final order disposes of a case, an interlocutory order, on the other hand, does not dispose of a case and does not end the court's task of adjudicating the parties' contentions. The test to determine whether an order or a judgment is interlocutory or final is: Does the order or judgment leave something to be done in the trial court regarding the merits of the case? If it does, the order or judgment is interlocutory; otherwise, it is final.

On another note, under *Rule 4, Section 2 of the Revised Rules of the Court of Tax Appeals*,[32] which provides an exhaustive list of cases falling within the jurisdiction of the Court *En Banc*, there is no provision authorizing an appeal from an unfavorable interlocutory order. Because the rules

[32] A.M. No. 05-11-07-CTA, November 22, 2005.

specifically enumerate the types of final judgments and resolutions subject to *En Banc* review, the absence of interlocutory orders from this list confirms that such matters remain outside this Court's appellate reach. To entertain the present petition would be to expand the Court's jurisdiction beyond the clear limits established by its own procedural rules.

This was further discussed in the case of *Commissioner of Internal Revenue v. Nippon Express Philippines Corporation (Nippon Case)*[33] where the Supreme Court ruled that:

> It must be stressed that under the RRCTA, the CTA *En Banc's* appellate jurisdiction is limited to decisions or resolutions resolving motions for reconsideration or new trial filed before the CTA Divisions. This presupposes that the case subject to appellate review involves a judgment on the merits or a final disposition. The RRCTA is silent on whether the CTA *En Banc* also exercises original jurisdiction over interlocutory orders or judgments of one of its divisions.
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> On this note, when the language of a statute or provision is clear, plain, and free from ambiguity, "it must be given its literal meaning and applied without attempted interpretation. Thus:
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> > A cardinal rule in statutory construction is that when the law is clear and free from any doubt or amibguity, there is no room for construction or interpretation. There is only room for application. As the statute is clear, plain, and free from ambiguity, it must be given its literal meaning and applied without attempted interpretation. This is known as the plain-meaning rule or *verba legis*. It is expressed in the maxim, *index amini sermo*, or "speech is the index of intention." Furthermore, there is the maxim *verba legis non est recedendum*, or "from the words of a statute there should be no departure."
>
> Given the above disquisition, the CTA *En Banc's* appellate authority is limited to final decisions, resolutions, or orders of the CTA Division – not interlocutory thereof – and *does not equate to a grant of supervisory authority akin to that exercised by a higher court over a lower court.* Neither does it vest supervisory powers to issue writs of *certiorari* against the CTA Divisions.

Additionally, the Supreme Court has consistently held that the CTA *En Banc* exercises jurisdiction only over final judgments and orders, but never interlocutory orders.[34] It ruled that:

> The Court in *Commissioner of Internal Revenue v. Court of Tax Appeals, Second Division*, citing *Commissioner of Internal Revenue v. Court of Tax Appeals*, has firmly held that the CTA *En Banc* exercises appellate jurisdiction only over final judgments or orders, never

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[33] G.R. No. 271701, May 6, 2025.

[34] *Id.*

> <u>interlocutory ones</u>. This limitation stems in part from the CTA's unique internal structure which does not allow for continual or piecemeal review of a case. The remedy of *certiorari* presupposes the existence of a judicial heirarchy between the reviewing court and the tribunal being reviewed. IN this case, such a heirarchy is absent between the CTA *En Banc* and the CTA Divisions.
> (Underscoring supplied)

The reason for this rule is to prevent piecemeal litigation. If every procedural or evidentiary ruling of a court in division could be immediately appealed to the court *en banc*, the main trial would be constantly interrupted, leading to unnecessary delays and a clogging of the court's dockets.

In the above stated case, the Supreme Court elaborated further on the CTA *En banc's* lack of authority to review rulings made while a case is still pending before the CTA sitting in division, as only the Supreme Court has the power to step in during a pending case, as it settled:

> As mentioned, the CTA *En Banc's* jurisdiction to review decisions of the CTA Divisions is confined to final judgments or final orders, as set forth in Section 18 of Republic Act No. 1125, as amended by Republic Act No. 9282:
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> > SEC. 18. *Appeal to the Court of Tax Appeals En Banc.* – No civil proceeding involving matters arising under the National Internal Revenue Code, the Tariff and Customs Code or the Local Government Code shall be maintained, except as herein provided, *until and unless an appeal has been previously filled with the CTA* and disposed of in accordance with the provisions of this Act.
> >
> > A party adversely affected by a resolution of a Division of the CTA on a motion for reconsideration or new trial, may file a petition for review with the CTA *en banc*.
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> Nothing in the law authorizes the CTA *En Banc* to intervene in interlocutory matters (i.e., orders issued *during* the course of a case that do not yet fully and finally resolve the parties' rights). As such the CTA *En Banc* may review a CTA Division's decision only after the case has been finally decided or completely disposed of—not while the case remains pending.
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> Supervisory control over ongoing proceedings of the CTA Division would require a *different and separate* legal authority—one that is not granted by the statutes governing the CTA. Supervisory jurisdiction requires an express power to intervene in mid-proceeding to annul or correct actions not yet final. No such supervisory power, as distinguished from appellate power, is granted to the CTA *En Banc* over the CTA Divisions. It thus, follows that only a *higher and distinct court*, i.e., the Supreme Court possess supervisory power over the CTA, whether sitting *En Banc* or in division.

> For these reasons, it is clear that the CTA *En Banc's* appellate jurisdiction over final decisions, resolutions or orders does not equate to authority to control or supervise interlocutory matters pending before the CTA Divisions. The functions distinct: appellate jurisdiction deals with completed proceedings, whereas supervisory jurisdiction through *certiorari* deals with ongoing proceedings. The CTA *En Banc* has only the former.
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> If the CTA *En Banc* could intervene via *certiorari* in pending cases before a CTA Division, this would disrupt the judicial process by confusing the distinct roles of appellate review (which occurs after finality) and supervisory intervention (which occurs during pendency). Furthermore, it would burden the CTA *En Banc* with acting both as an appellate reviewer and a supervisory overseer, which, as aforesaid, is not its intended function under the law.

Nevertheless, the Court, in several instances, had previously ruled that a party aggrieved by an interlocutory resolution is not without any remedy, but that remedy is not an immediate appeal to the *En Banc.*[35]

The proper procedure is to continue with the trial in the division. If the party ultimately receives an unfavorable decision on the merits, they may then elevate the case to the *En Banc* and include the "erroneous" interlocutory order as one of the assigned errors in their Petition for Review.

On the other hand, in the most extreme cases where the division acted with grave abuse of discretion amounting to lack or excess of jurisdiction, the remedy is a special civil action for *certiorari* under Rule 65 of the Rules of Court. However, as clarified in *Commissioner of Internal Revenue v. Court of Tax Appeals and Citysuper, Inc.*[36] and in the recent *Nippon Case*[37] such petition may be directly filed with the Supreme Court, as the CTA *En Banc* does not possess certiorari jurisdiction over its own Divisions.

In the case at bar, the main proceedings in the Court in Division have not yet been concluded as there is no final judgment to speak of as of date. Considering the foregoing, the filing of the instant Petition for Review is patently premature. Without a final and appealable decision from the Court sitting in division, this Court *En Banc* has no jurisdiction to act upon the prayers of petitioner.

ACCORDINGLY, in view of the foregoing, the instant Petition for Review filed by petitioner on February 18, 2025, is hereby **DISMISSED** for lack of jurisdiction.

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35 *Supra* note 30.
36 G.R. No. 239464, May 10, 2021.
37 *Supra* Note 33.

SO ORDERED.

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

WE CONCUR:

Ma. Belen S.L

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

Marian Ivy F. Reyes - Fajardo

MARIAN IVY F. REYES-FAJARDO
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 S.L

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice