REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

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SUBIC POWER CORPORATION,
Petitioner,

C.T.A. CASE NO. 6367

Members:

- versus -

ACOSTA, *Chairperson*
BAUTISTA, and
CASANOVA, *JJ.*

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

Promulgated:

JAN 25 2006

x - x

RESOLUTION

With the filing by the Office of the Solicitor General of it's "Manifestation/Comment (On the Joint Motion to Approve Compromise Settlement dated June 8, 2005 filed by petitioner and respondent) and Reply (To petitioner's Comment on the Manifestation and Motion in Lieu of Comment filed by this Office)" on December 20, 2005, the "Manifestation and Motion In Lieu of Comment" it filed on September 30, 2005 and petitioner's "Comment ("to the Manifestation and Motion In Lieu of Comment)" filed on November 25, 2005 are now considered moot.

The Office of the Solicitor General now manifests that it interposes no objection to the compromise settlement executed by and between petitioner Subic Power Corporation and respondent Commissioner of Internal Revenue. It also alleges that "in the absence of proof of any irregularit[y] in the performance of duties, a tax compromise made by the officers of the Bureau of Internal Revenue and approved by its senior officers should not be disturbed, for the same is presumed correct and made in good faith."

Section 204 of the National Internal Revenue Code of 1997 ("Tax Code") categorically authorizes the Commissioner of Internal Revenue to compromise the payment of internal revenue tax liabilities of certain taxpayers with the Bureau of Internal Revenue. It reads:

> SEC. 204. *Authority of the Commissioner to Compromise, Abate and Refund or Credit Taxes.* - The Commissioner may –
>
> (A) Compromise the payment of any internal revenue tax, when:
>
> (1) A reasonable doubt as to the validity of the claim against the taxpayer exists; or
> (2) xxx xxx xxx
>
> The compromise settlement of any tax liability shall be subject to the following minimum amounts:
>
> xxx xxx xxx
>
> **For other cases, a minimum compromise rate equivalent to forty percent (40%) of the basic assessed tax.**
>
> Where the basic tax involved exceeds One million pesos (₱1,000,000) or where the settlement offered is less than the prescribed minimum rates, the compromise shall be subject to the approval of the Evaluation Board which shall be composed of the Commissioner and the four (4) Deputy Commissioners.
>
> xxx xxx xxx

Revenue Regulations No. 7-2001, promulgated to implement Section 7(c), 204(A) and 290 of the Tax Code, further provides:

> Sec. 2. *Cases which may be compromised.-* The following cases may, upon taxpayer's compliance with the basis set forth under Section 3 of these regulations, be the subject matter of compromise settlement, *viz.*:
>
> xxx xxx xxx
>
> 3. Civil tax cases being disputed before the courts, *e.g.* MTC, RTC, CTA, CA, SC;
>
> xxx xxx xxx

The records of the case show that: (1) petitioner's offer for compromise settlement of the amount of ONE MILLION NINE HUNDRED TWENTY ONE THOUSAND THREE HUNDRED NINETY NINE PESOS & THIRTY NINE CENTAVOS (₱1,921,399.39); (2) such compromised amount is equivalent to forty percent (40%) of the basic assessed tax of ₱4,803,497.98; and (3) the offer for compromise was favorably recommended by the Technical Working Group ("TWG") and approved by respondent Commissioner, as Chairman, and Members of the National Evaluation Board on April 19, 2005. Furthermore, petitioner paid the said amount within the period stated in the Notice of Approval as evidenced by the Compromise Settlement Payment Forms (BIR Form No. 0608) and Metrobank (SBMA Branch) deposit slips for tax payments

There being no showing of abuse in the exercise of this discretionary power by the Commissioner or violation of any law, and considering that there is no objection from any of the parties; the Court hereby **APPROVES** the Joint Motion to Approve Compromise Settlement filed by petitioner and respondent.

WHEREFORE, let the assessments against petitioner covering taxable year 1997 issued by the respondent be withdrawn and cancelled. Accordingly, let the instant Petition for Review be **WITHDRAWN**.

SO ORDERED.

ERNESTO D. ACOSTA
Presiding Justice

LOVELL R. BAUTISTA
Associate Justice

CAESAR A. CASANOVA
Associate Justice