REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
Quezon City

SECOND DIVISION

GNPOWER MARIVELES ENERGY CENTER LTD. CO. (formerly **GNPOWER MARIVELES COAL PLANT LTD. CO.**),
Petitioner,

CTA CASE NO. **10312**

- versus -

Members:

CASTAÑEDA, JR., *Chairperson*,
BACORRO-VILLENA, *and*
CUI-DAVID, *JJ*.

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

Promulgated: FEB 09 2022

x - x
9 1:15 p.m.

JUDGMENT BASED ON COMPROMISE AGREEMENT

BACORRO-VILLENA, J.:

In a Resolution dated 27 July 2021, the Court required the parties to submit as proof of their compromise agreement the originals or certified true copies of the following:

1. Secretary's Certificate authorizing Mark Gil C. Cariño (**Cariño**) to enter into a compromise on behalf of petitioner; and,

2. Certificate of Availment (**CA**) showing the approval of the National Evaluation Board (**NEB**).

Along with their Judicial Compromise Agreement (**JCA**), the parties also filed their "Joint Motion for Judgment Based on the Judicial Compromise Agreement dated 30 June 2021" on 13 July 2021.

On 29 November 2021, the parties filed their "Joint Compliance" submitting the following documents:

1. Original Secretary's Certificate authorizing Cariño to sign the JCA on behalf of petitioner; and,

2. Certified copy of the CA with the approval of the NEB's members.

The JCA reads in part:

...

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:

Section 1. Judicial Compromise Amount. In order to settle the above-mentioned case, the **TAXPAYER** has offered and the **BIR** has accepted the total payment of **₱75,080,346.62** (**"Judicial Compromise Amount"**). The Judicial Compromise Amount has already been paid via electronic filing and payment system (eFPs) on June 30, 2021.

Section 2. Submission to the Honorable CTA. This Agreement fully signed by the **PARTIES** shall be submitted for the approval by the Honorable CTA in CTA Case No. 10312. The **PARTIES** undertake to perform any and all acts, and submit any and all documents required by the Honorable CTA to be able to render a **Judgment by Compromise Agreement** in the said case.

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

Section 4. Deliverables of the PARTIES upon approval of this Agreement by the Honorable CTA. Upon final approval by the Honorable CTA of this Agreement, 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**, and lifting the **WDL**.

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 by the Honorable CTA.

The **TAXPAYER** warrants that Mark Gil C. Cariño is duly authorized by the General Partners of the **TAXPAYER**, through its Management Committee, and has full legal capacity to enter, sign, and execute this Agreement, and to deliver payment of the above-agreed additional 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. 10312. Upon approval by the Honorable CTA, the BIR recognizes the full satisfaction of the supposed tax liability of the **TAXPAYER** in connection with CTA Case No. 10312. The BIR 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. 10312.

Section 7. Disapproval of this Agreement by the Honorable CTA. In the event that this **Agreement** is disapproved by the Honorable CTA, the **PARTIES** agree to a curing period of sixty (60) days from receipt of the Order/Resolution disapproving this Agreement. During such curing period, the **PARTIES** mutually agree to perform any and all acts necessary to rectify or correct the deficiency, defect or imperfection which caused its disapproval, and re-submit the rectified or corrected Agreement for approval by the Honorable CTA. However, in case the deficiency, defect or imperfection is not or cannot be rectified or corrected within the said curing period, or still not approved by the Honorable CTA after it is rectified or corrected by the **PARTIES**:

1. The amount already paid by the **TAXPAYER** to the **BIR** shall be deemed a tax credit which may be applied against internal revenue taxes for which the **TAXPAYER** may be directly liable, as allowed under existing rules and regulations; and

2. The proceedings of CTA Case No. 10312 shall continue and the discussions pursuant to the disapproved Agreement cannot be used by the **PARTIES** in said proceeding unless consent of the other party be obtained.

> **Section 8. No Admission of Liability.** The execution of this **Agreement** shall not constitute or be interpreted in any way as an admission or acknowledgement of error or liability by the **PARTIES**.
>
> **Section 9. Non-performance.** The **PARTIES** agree that the failure of any party to comply with any of the terms and conditions of this Agreement shall entitle the aggrieved party to file an appropriate motion with the Honorable CTA for the immediate implementation and execution of the terms and conditions of this Agreement or the judgment or order of the Honorable CTA approving the same.
>
> **Section 10. Signatures and Counterparts.** This Agreement may be signed in counterparts, each of which when executed and delivered shall constitute a duplicate original, but all of which shall be taken together as a single instrument. Until and unless each party has received a counterpart hereof signed by the other party hereto, the Agreement shall have no effect and no party shall have any right or obligation hereunder.[1]
>
> ...

Under the Civil Code[2] and the Rules of Court[3], as amended, 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.[4]

A compromise agreement is a contract whereby the parties make reciprocal concessions in order to resolve their differences and, thus, avoid or put an end to a lawsuit. They adjust their difficulties in the manner they have agreed upon, disregarding the possible gain in litigation and keeping in mind that such gain is balanced by the danger of losing. It must not be contrary to law, morals, good customs and public policy, and must have been freely and intelligently executed by and between the parties. A compromise agreement may be executed in and out of court. Once a compromise agreement is given judicial

---

1 Judicial Compromise Agreement, Division Docket, Volume VI, pp. 2757-2762.

2 **Article 2029.** The court shall endeavor to persuade the litigants in a civil case to agree upon some fair compromise.

3 **RULE 18**
PRE-TRIAL

...

Section 2. *Nature and Purpose.* — The pre-trial is mandatory and should be terminated promptly. The court shall consider:

(a) The possibility of an amicable settlement or of a submission to alternative modes of dispute resolution[.]

...

4 *Maria Sheila Almira T. Viesca v. David Gilinsky*, G.R. No. 171698, 04 July 2007.

approval, however, it becomes more than a contract binding upon the parties. Having been sanctioned by the court, it is entered as a determination of a controversy and has the force and effect of a judgment.[5]

After a careful scrutiny of the documents submitted by the parties in support of their JCA, the Court finds the same in order and in compliance with the established laws, rules and regulations.

WHEREFORE, in view of the foregoing, the parties' **Joint Motion for Judgment Based on the Judicial Compromise Agreement dated 30 June 2021** filed on 13 July 2021 is hereby **GRANTED.** Consequently, the Judicial Compromise Agreement is **APPROVED** and the same shall thus constitute as the Court's judgment in herein case.

Impressed thus with judicial imprimatur, the parties are **ENJOINED** to faithfully comply with all the terms and conditions of the aforesaid Judicial Compromise Agreement.

SO ORDERED.

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

WE CONCUR:

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

INHIBITED
LANEE S. CUI-DAVID
Associate Justice

---

5 *David M. David v. Federico M. Paragas, Jr.*, G.R. No. 176973, 25 February 2015; Citations omitted.

ATTESTATION

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

JUANITO C. CASTAÑEDA, JR.
Associate Justice
2nd Division Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, it is hereby certified that the conclusions in the above Judgment Based on Compromise Agreement 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