REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SECOND DIVISION

IMAGENET PHILIPPINES, INC.,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA CASE NO. **10683**

Members:

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

Promulgated:
_____________ 4:20 pm

x - x

JUDGMENT BASED ON COMPROMISE AGREEMENT

***BACORRO-VILLENA, J.*:**

On 20 May 2026, the parties moved for cancellation of the presentation of respondent's witness and manifested that they entered into a compromise agreement. The Court ordered the parties to file their joint motion within ten (10) days from the hearing date.[1]

In compliance thereto, on 29 May 2026,[2] the Court received a "Joint Omnibus Motion with Leave of Court (A) To Suspend or Hold in Abeyance the Proceedings of the Case; and (B) To Approve Judicial Compromise Agreement and To Render Judgment Based Thereon"[3] (**Joint Motion**) from petitioner Imagenet Philippines, Inc. (**petitioner**) and respondent Commissioner of Internal Revenue (**respondent/CIR**), stating that the Bureau of Internal Revenue (**BIR**) has approved and

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[1] Minutes of the Hearing held on 20 May 2026, Division Docket, Volume VII, p. 3421.
[2] Emailed on 29 May 2026, id., p. 3424.
[3] Id., pp. 3425-3465, including attachments.

accepted petitioner's compromise offer to settle the income tax (**IT**), value-added tax (**VAT**), expanded withholding tax (**WE**), withholding tax on compensation (**WC**), improperly accumulated earnings tax (**IE**) deficiencies, and compromise penalty (**CP**) for taxable year (**TY**) 2016.

In the Joint Motion, the parties attached the following documents:

1. Original notarized Judicial Compromise Agreement (**JCA**) signed by Joper R. Del Rosario (**Del Rosario**), as petitioner's authorized representative; respondent Commissioner Charlito Martin R. Mendoza (**Commissioner Mendoza**); and Felix Paul R. Velasco III as witness;[4]

2. Original Notarized Secretary's Certificate dated 18 February 2026 executed by petitioner's Corporate Secretary, Euney Marie Mata Perez, authorizing Del Rosario to represent petitioner in the execution of the JCA and all other documents related to the instant case;[5]

3. Certified True Copy (**CTC**) of the Certificate of Availment (**CA**) dated 13 April 2026 pertaining to the compromise settlement of petitioner's deficiency tax assessments for TY 2016 in the total amount of ₱57,326,191.11, including CP;[6]

4. CTC of the Judicial Compromise reflecting the settlement amount of ₱20,824,106.37 which the National Evaluation Board (**NEB**) members approved;[7]

5. Original printout copies of (*i*) the BIR Email Notification on eFiling of Tax Return for IT amounting to ₱7,952,273.62, filed on 19 February 2026;[8] (*ii*) the BIR Form No. 0605 (Payment Form) for IT amounting to ₱7,952,273.62, filed on 19 February 2026;[9] and (*iii*) the Proof of Payment of IT amounting to ₱7,952,273.62 through Metrobank Business Online Solutions with payment transaction number 264869713;[10]

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4 Id., pp. 3433-3440.
5 Id., p. 3441.
6 Id., p. 3442.
7 Id., p. 3443.
8 Id., p. 3444.
9 Id., p. 3445.
10 Id., p. 3446.

6. Original printout copies of (*i*) the BIR Email Notification on eFiling of Tax Return for VAT amounting to ₱4,890,543.53, filed on 19 February 2026;[11] (*ii*) the BIR Form No. 0605 (Payment Form) for VAT amounting to ₱4,890,543.53, filed on 19 February 2026;[12] (*iii*) the Proof of Payment of VAT amounting to ₱4,890,543.53 through Metrobank Business Online Solutions with payment transaction number 264870187;[13]

7. Original printout copies of (*i*) the BIR Email Notification on eFiling of Tax Return for WE amounting to ₱285,952.73, filed on 19 February 2026;[14] (*ii*) the BIR Form No. 0605 (Payment Form) for WE amounting to ₱285,952.73, filed on 19 February 2026;[15] (*iii*) the Proof of Payment of WE amounting to ₱285,952.73 through Metrobank Business Online Solutions with payment transaction number 264869466;[16]

8. Original printout copies of (*i*) the BIR Email Notification on eFiling of Tax Return for WC amounting to ₱7,487,333.08, filed on 19 February 2026;[17] (*ii*) the BIR Form No. 0605 (Payment Form) for WC amounting to ₱7,487,333.08, filed on 19 February 2026;[18] (*iii*) the Proof of Payment of WC amounting to ₱7,487,333.08 through Metrobank Business Online Solutions with payment transaction number 264870412;[19]

9. Original printout copies of (*i*) the BIR Email Notification on eFiling of Tax Return for IE amounting to ₱173,003.40, filed on 19 February 2026;[20] (*ii*) the BIR Form No. 0605 (Payment Form) for IE amounting to ₱173,003.40, filed on 19 February 2026;[21] (*iii*) the Proof of Payment of IE amounting to ₱173,003.40 through Metrobank Business Online Solutions with payment transaction number 264869965;[22]

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11 Id., p. 3447.
12 Id., pp. 3448-3449.
13 Id., p. 3450.
14 Id., p. 3451.
15 Id., pp. 3452-3453.
16 Id., p. 3454.
17 Id., p. 3455.
18 Id., p. 3456.
19 Id., p. 3457.
20 Id., p. 3458.
21 Id., pp. 3459-3460.
22 Id., p. 3461.

10. Original printout copies of (*i*) the BIR Email Notification on eFiling of Tax Return for CP amounting to ₱35,000.00, filed on 19 February 2026;[23] (*ii*) the BIR Form No. 0605 (Payment Form) for CP amounting to ₱35,000.00, filed on 19 February 2026;[24] (*iii*) the Proof of Payment of CP amounting to ₱35,000.00 through Metrobank Business Online Solutions with payment transaction number 264869136;[25]

Under A.M. No. 11-1-5-SC-PHILJA otherwise known as the Interim Guidelines for Implementing Mediation in the Court of Tax Appeals (**Interim Guidelines**), upon approval of the compromise agreement, the Court shall render judgment based thereon.[26] Moreover, the subject JCA[27] likewise states that the same is subject to the approval of this Court; hence, this Judgment Based on Compromise Agreement (**JBCA**).

The subject JCA[28] reads as follows:

...

JUDICIAL COMPROMISE AGREEMENT

KNOWN ALL MEN BY THESE PRESENTS:

This **JUDICIAL COMPROMISE AGREEMENT** ("**Agreement**") made and executed, by and between:

IMAGENET PHILIPPINES, INC. ("**TAXPAYER**"), a domestic corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office at 14th Floor, Valero Tower, Valero St., Salcedo Village, Makati City, Philippines, represented by its Authorized Representative, **JOPER R. DEL ROSARIO**;

- and -

The **BUREAU OF INTERNAL REVENUE** ("**BIR**"), with principal office at Bureau of Internal Revenue, National Office Building, Agham Road, Diliman, Quezon City, represented by the

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23 Id., p. 3462.
24 Id., pp. 3463-3464.
25 Id., p. 3465.
26 *See* Part IX(A) of the Interim Guidelines.
27 See Section 2 of the Judicial Compromise Agreement, Division Docket, Volume VII, p. 3435.
28 Supra at note 4.

Commissioner, CHARLITO MARTIN R. MENDOZA.
(collectively, the "**PARTIES**");

- Witnesseth That -

WHEREAS, the **BIR** issued to the **TAXPAYER** a WARRANT OF DISTRAINT AND/OR LEVY ("**WDL**") dated 18 October 2021 for the alleged deficiency Income Tax in the amount of Twenty Seven Million Seven Hundred Seventy-Eight Thousand Four Hundred Ninety Pesos and 05/100 centavos (Php27,778,490.05); Value-Added Tax (VAT) in the amount of Seventeen Million Six Hundred Nineteen Thousand Three Hundred Fifty-Five Pesos and 47/100 centavos (Php17,619,355.47); Expanded Withholding Tax (WE) in the amount of Four Hundred Thirteen Thousand Six Hundred Fifty-Two Pesos and 17/100 centavos (Php413,652.17); Withholding Tax on Compensation (WC) in the amount of Ten Million Eight Hundred Thirty Thousand Nine Hundred Ninety-One Pesos and 41/100 centavos (Php10,830,991.41); Improperly Accumulated Earnings Tax (IE) in the amount of Six Hundred Forty-Eight Thousand Seven Hundred Two Pesos and 01/100 centavos (Php648,702.01); and Compromise Penalty (MC) in the amount of Twenty Thousand Pesos (Php20,000.00).

WHEREAS, the **TAXPAYER** instituted an action against the **BIR** entitled *"**Imagenet Philippines, Inc. vs. Commissioner of Internal Revenue**"*, docketed as CTA Case No. 10683, pending before the Honorable Second Division of the Court of Tax Appeals ("**CTA**"), seeking the cancellation of the **WDL**;

WHEREAS, the **TAXPAYER** has submitted its proposal to the **BIR** with the intention to enter into a judicial compromise pursuant to the provisions of the Civil Code of the Philippines, jurisprudence, relevant decisions of the Honorable CTA and relevant laws on judicial compromise;

WHEREAS, the Honorable CTA issued **Resolution** dated 24 January 2024 suspending the proceedings to allow the **PARTIES** an opportunity to enter into discussions for the possible amicable settlement of the case;

WHEREAS, the Honorable CTA has issued rulings allowing judicial compromises similar to this case.

WHEREAS, the **BIR** has evaluated the **TAXPAYER'S** proposal for amicable settlement and believes that a judicial compromise to allow immediate tax collection and also put an end to litigation as provided in the Civil Code of the Philippines, serves the interest of the Government;

WHEREAS, the **PARTIES** ensure that the terms of the amicable settlement as contained in this **Agreement** do not circumvent the limitations provided in Section 204 of the National Internal Revenue Code on administrative compromise proceedings;

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 **amount equivalent to forty percent (40%)** of the **Basic Tax** assessed in the **WDL** in the **total compromise amount of Twenty Million Eight Hundred Twenty-Four Thousand One Hundred Six Pesos and 36/100 centavos (Php20,824,106.36)** ("**Judicial Compromise Amount**").

This amount is broken down as follows:

Tax Type	Basic Tax Due	Interest and Surcharge	Total	Compromise Amount
Income Tax	19,880,684.06	7,897,805.99	27,778,490.05	7,952,273.62
VAT	12,226,358.83	5,392,996.64	17,619,355.47	4,890,543.53
WE	285,952.73	127,699.44	413,652.17	285,952.73
WC	7,487,333.08	3,343,658.33	10,830,991.41	7,487,333.08
IE	432,508.50	216,193.51	648,702.01	173,003.40
MC	35,000.00	0.00	35,000.00	35,000.00
Total	**40,347,837.20**	**16,978,353.91**	**57,326,191.11**	**20,824,106.36**

Section 2. Submission to the Honorable CTA. This Agreement fully signed by the **PARTIES** shall be submitted for the approval to the Honorable CTA in CTA Case No. 10683. 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 only 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. 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, including but not limited to, the **Authority to Cancel Assessment** withdrawing and cancelling the **WDL** dated 18 October 2021.

Section 5. Authority to Enter Compromise Agreement. The **BIR**, through Commissioner Charlito Martin R. Mendoza, warrant 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 Authorized Representatives Joper R. Del Rosario similarly warrants that he is duly authorized by the Board of Directors of the **TAXPAYER** and has full and legal capacity to enter, sign, and execute this Agreement, and to deliver payment of the 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. 10683. Upon the **TAXPAYER's** payment of the Judicial Compromise Amount, the **BIR** recognizes the full satisfaction of the supposed tax liability of the **TAXPAYER** in connection with the CTA Case No. 10683 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. 10683.

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 of 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 insofar 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. 10683 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. Nullification of this Agreement by the Honorable Supreme Court. In the remote event that this Agreement is later nullified by the Honorable Supreme Court, the **PARTIES** likewise agree to a curing period of sixty (60) days from receipt of the Order/Resolution nullifying 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 nullification, and re-submit the rectified or corrected Agreement for approval of the Honorable Supreme Court. In case the deficiency, defect or imperfection, however, is not or cannot be rectified or corrected within the said curing period, or still not approved by the Honorable Supreme Court after it is rectified or corrected:

1. The amount insofar 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. 10683 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 9. 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 10. 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 11. 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.

[Signature page follows]

IN WITNESS WHEREOF, the **PARTIES** hereto have mutually and voluntarily agreed to the foregoing stipulations and have hereunto signed these presents at the date and place indicated above.

IMAGENET PHILIPPINES, INC.	**BUREAU OF INTERNAL REVENUE**
By:	By:
Signed **JOPER R. DEL ROSARIO** Authorized Representative	signed and sealed **HON. CHARLITO MARTIN R. MENDOZA** *042140* *Commissioner*

Witnesses:

____________________	Signed FELIX PAUL R. VELASCO III Head of Revenue Executive Assistant Enforcement and Advocacy Service

...

We resolve.

Under Section 204(A) of the National Internal Revenue Code (**NIRC**) of 1997, as amended, for a compromise agreement grounded on cases other than financial incapacity, the minimum compromise rate is equivalent to forty percent (**40%**) of the basic assessed tax; and, in case the basic tax involved exceeds ₱1 million or where the settlement offered is less than the said prescribed minimum rates, the compromise agreement must be approved by all the members of the NEB, to wit –

...

SEC. 204. Authority of the Commissioner to Compromise, Abate, and Refund or Credit Taxes.

xxx xxx xxx

The compromise settlement of any tax liability shall be subject to the following minimum amounts:

For cases of financial incapacity, a minimum compromise rate equivalent to ten percent (10%) of the basic assessed tax; and

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 (PhP1,000.000) 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.

...

As provided in the CA,[29] the application for compromise is based on the '*doubtful validity of the assessment*' pursuant to Section 3.1 of Revenue Regulations (**RR**) No. 30-2002,[30] as amended by RR No. 8-2004.[31] The relevant section reads –

...

SEC. 3. BASIS FOR ACCEPTANCE OF COMPROMISE SETTLEMENT. — The Commissioner may compromise the payment of any internal revenue tax on the following grounds:

1. **Doubtful validity of the assessment.** — The offer to compromise a delinquent account or disputed assessment under these Regulations on the ground of reasonable doubt as to the validity of the assessment may be accepted when it is shown that:

(a) The delinquent account or disputed assessment is one resulting from a jeopardy assessment (For this purpose, "jeopardy assessment" shall refer to a tax assessment which was assessed without the benefit of complete or partial audit by an authorized revenue officer, who has reason to believe that the assessment and collection of a deficiency tax will be jeopardized by delay because of the taxpayer's failure to comply with the audit and investigation requirements to present his books of accounts and/or pertinent records, or to substantiate all or any of the deductions, exemptions, or credits claimed in his return); or

(b) The assessment seems to be arbitrary in nature, appearing to be based on presumptions and there is reason to believe that it is lacking in legal and/or factual basis; or

(c) The taxpayer failed to file an administrative protest on account of the alleged failure to receive notice of assessment and there

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29 Supra at note 6.

30 Revenue Regulations Implementing Sections 7(c), 204(A) and 290 of the National Internal Revenue Code of 1997 on Compromise Settlement of Internal Revenue Tax Liabilities Superseding Revenue Regulations Nos. 6-2000 and 7-2001.

31 Revenue Regulations Implementing Sections 7(c), 204 (A) and 290 of the National Internal Revenue Code of 1997 on Compromise Settlement of Internal Revenue Tax Liabilities Superseding Revenue Regulations Nos. 7-2001 and 30-2002.

is reason to believe that the assessment is lacking in legal and/or factual basis; or

(d) The taxpayer failed to file a request for reinvestigation /reconsideration within 30 days from receipt of final assessment notice and there is reason to believe that the assessment is lacking in legal and/or factual basis; or

(e) The taxpayer failed to elevate to the Court of Tax Appeals (CTA) an adverse decision of the Commissioner, or his authorized representative, in some cases, within 30 days from receipt thereof and there is reason to believe that the assessment is lacking in legal and/or factual basis; or

(f) The assessments were issued on or after January 1, 1998, where the demand notice allegedly failed to comply with the formalities prescribed under Sec. 228 of the National Internal Revenue Code of 1997; or

(g) Assessments made based on the "Best Evidence Obtainable Rule" and there is reason to believe that the same can be disputed by sufficient and competent evidence; or

(h) The assessment was issued within the prescriptive period for assessment as extended by the taxpayer's execution of Waiver of the Statute of Limitations the validity or authenticity of which is being questioned or at issue and there is strong reason to believe and evidence to prove that it is not authentic; or

(i) The assessment is based on an issue where a court of competent jurisdiction made an adverse decision against the Bureau, but for which the Supreme Court has not decided upon with finality.[32]

...

Likewise, Section 4(2)[33] of the same issuance provides that for cases of doubtful validity, the taxpayer should pay a minimum compromise rate of 40% of the basic assessed tax. However, in Section

[32] Emphasis in the original text.

[33] **SEC. 4. PRESCRIBED MINIMUM PERCENTAGES OF COMPROMISE SETTLEMENT.** – The compromise settlement of the internal revenue tax liabilities of taxpayers, reckoned on a per tax type assessment basis, shall be subject to the following minimum rates based on the basic assessed tax:

...

2. **For cases of "doubtful validity"** – A minimum compromise rate equivalent to forty percent (40%) of the basic assessed tax.

2[34] thereof, withholding tax cases may not be the subject of compromise unless the taxpayer invokes a provision of law that that cast doubt on its obligation to withhold.

Consequently, Section 6 of RR No. 30-2002, as amended by RR No. 9-2013,[35] provides the requirement for the approval of the compromise offer, *viz* –

> ...
>
> **SEC. 6. APPROVAL OF OFFER OF COMPROMISE**. – Except for offers of compromise where the approval is delegated to the REB pursuant to the succeeding paragraph, all compromise settlements within the jurisdiction of the National Office (NO) shall be approved by **a majority of all the members of the** NEB composed of the Commissioner and the four (4) Deputy Commissioners. All decisions of the NEB, **granting the request of the taxpayer or** favorable **to the taxpayer**, shall have the concurrence of the Commissioner.
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> xxx xxx xxx
>
> <u>The compromise offer shall be paid by the taxpayer upon filing of the application for compromise settlement. No application for compromise settlement shall be processed without the full settlement of the offered amount. In case of disapproval of the application for compromise settlement, the amount paid upon filing of the aforesaid application shall be deducted from the total outstanding tax liabilities</u>.[36]
>
> ...

Further, Revenue Memorandum Order (**RMO**) No. 3-2017[37] provides that a '*Certificate of Availment*' must be issued after approval of the compromise –

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34 **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.:

...

EXCEPTIONS:

1. Withholding tax cases, **unless the applicant-taxpayer invokes provisions of law that cast doubt on the taxpayer's obligation to withhold**[.]

35 Amending Certain Provisions of Revenue Regulations No. 30-2002.

36 Emphasis and underscoring in the original text.

37 Amending Further the Prescribed Format for the Certificate of Availment/Approval and Notice of Denial Relative to Application for Compromise Settlement and/or Abatement of Penalties Pursuant to Section 204 of the Tax Code, as Amended.

> ...
>
> **All approved applications for compromise settlement and/or abatement of penalties shall be issued Certificate of Availment (CA)** following the prescribed format as per attached Annexes "A" and "B", while denied applications shall be issued Notice of Denial (ND) following prescribed format as per attached annexes "C" and "D".[38]
>
> ...

Applying the foregoing law and related issuances, for a compromise to be valid, it must specify the legal basis for the compromise, provide a compromise amount that conforms to the prescribed compromise rate, bear the approval of the majority of the members of the NEB, and establish that the judicial compromise amount has been fully settled.

A perusal of the attachments in the parties' Joint Motion shows:

1. The basis for petitioner's offer of compromise and the CIR's acceptance thereto is the doubtful validity of the assessment pursuant to Section 204(A) of the NIRC of 1997, as amended and Section 3.1 of RR No. 30-2002;

2. Apart from the basic tax due of WE and WC and the CP which petitioner fully settled, it paid 40% of the basic tax due of IT, VAT and IE as shown in the table[39] below –

TAX TYPE	BASIC TAX ASSESSMENT[40]	OFFER	RATE
Income Tax	19,880,684.06	7,952,273.62	40%
VAT	12,226,358.83	4,890,543.53	40%
WE	285,952.73	285,952.73	100%
WC	7,487,333.08	7,487,333.08	100%
IE	432,508.50	173,003.40	40%
CP	35,000.00	35,000.00	100%
Total	**40,347,837.20**	**20,824,106.37**	

[38] Emphasis supplied.
[39] Table is based on the Judicial Compromise, supra at note 7.
[40] Except for the compromise penalty, the basic assessed taxes are lifted from the Formal Letter of Demand dated 14 January 2020, BIR Records, pp. 418-420.

3. The BIR Forms No. 0605 (Payment Form), BIR Email Notifications on eFiling of Tax Return, and Proof of Payments *via* Metrobank online transfer, for each tax type, sufficiently prove that the judicial compromise amount has been settled on 19 February 2026; and

4. The JCA was duly approved as evidenced by the issuance of the CA and the signatures of the majority of the NEB members, thus satisfying the requirements set forth in RR No. 30-2002 as amended by RR No. 9-2013 and RMO No. 3-2017.

In *Maria Shiela Almira T. Viesca v. David Gilinsky,*[41] the Supreme Court encourages the amicable settlement of disputes –

> ...
> The settlement of disputes brought before the courts is encouraged. In fact, in the Civil Code and in the Revised Rules of Court, courts are directed to persuade the litigants in civil cases to agree upon some fair compromise.
> ...

Additionally, the case of *Felipe O. Magbanua et al. v. Rizalino Uy*[42] explains the nature of a compromise agreement and its effect when judicially approved by the court. Quoted below are the pertinent paragraphs of the case:

> ...
> 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. Verily, the compromise may be either extrajudicial (to prevent litigation) or judicial (to end a litigation).
>
> A compromise 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. To have the force of law between the parties, it must comply with the requisites and principles of contracts. Upon the parties, it has the effect and the authority of *res judicata*, once entered into.

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41 G.R. No. 171698, 04 July 2007.
42 G.R. No. 161003, 06 May 2005; Citations omitted and italics in the original text.

> When a compromise agreement is given judicial approval, 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. It is immediately executory and not appealable, except for vices of consent or forgery. The nonfulfillment of its terms and conditions justifies the issuance of a writ of execution; in such an instance, execution becomes a ministerial duty of the court.
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> ...
>
> The issue involving the validity of a compromise agreement notwithstanding a final judgment is not novel. *Jesalva v. Bautista* upheld a compromise agreement that covered cases pending trial, on appeal, and with final judgment. The Court noted that Article 2040 impliedly allowed such agreements; there was no limitation as to when these should be entered into. *Palanca v. Court of Industrial Relations* sustained a compromise agreement, notwithstanding a final judgment in which only the amount of back wages was left to be determined. The Court found no evidence of fraud or of any showing that the agreement was contrary to law, morals, good customs, public order, or public policy.
>
> *Gatchalian v. Arlegui* upheld the right to compromise prior to the execution of a final judgment. The Court ruled that the final judgment had been novated and superseded by a compromise agreement. Also, *Northern Lines, Inc. v. Court of Tax Appeals* recognized the right to compromise final and executory judgments, as long as such right was exercised by the proper party litigants.
>
> ...
>
> There is no justification to disallow a compromise agreement, solely because it was entered into after final judgment. The validity of the agreement is determined by compliance with the requisites and principles of contracts, not by when it was entered into. As provided by the law on contracts, a valid compromise must have the following elements: (1) the consent of the parties to the compromise, (2) an object certain that is the subject matter of the compromise, and (3) the cause of the obligation that is established.
>
> ...

Upon a careful review of the parties' documents submitted in support of the subject JCA, the Court finds the same in order and fully compliant with established laws, rules and regulations.

WHEREFORE, in view of the foregoing, the parties' "Joint Omnibus Motion with Leave of Court (A) To Suspend or Hold in Abeyance the Proceedings of the Case; and (B) To Approve Judicial

Compromise Agreement and To Render Judgment Based Thereon" is hereby **GRANTED**. Accordingly, the Judicial Compromise Agreement is **APPROVED.** Having been impressed with judicial imprimatur, the parties are hereby **ENJOINED** to faithfully comply with all the terms and conditions of the aforesaid Compromise Agreement, which similarly constitutes the Court's judgment in herein case.

Consequently, this case is now deemed **CLOSED AND TERMINATED.**

SO ORDERED.

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

I CONCUR:

LANEE S. CUI-DAVID
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice