REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

THIRD DIVISION

REDENTOR AGPULDO TAGALA, as the proprietor of 7TH CONCEPT TRADING / 7C CONSTRUCTION, *Petitioner,*	**CTA Case No. 10720**
	Members:
-versus-	**MANAHAN**, *Chairperson,* **REYES-FAJARDO**, *and* **ANGELES**, *JJ.*
COMMISSIONER OF INTERNAL REVENUE, *Respondent.*	Promulgated: FEB 06 2025 2:20 p.m.

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R E S O L U T I O N

MANAHAN, J.:

For resolution of the Court is respondent's *Motion for Reconsideration Re: Decision dated 14 August 2024* filed on September 6, 2024[1] ("***Motion***"), with petitioner's *Opposition To Motion for Reconsideration* posted on October 11, 2024 and received by the Court on October 14, 2024[2] ("***Opposition***"). Respondent's *Motion* seeks that the Court reverse and set aside its *Decision* dated August 14, 2024 ("**assailed *Decision***"), the dispositive portion of which reads:

> **ACCORDINGLY**, the *Petition for Review* is **GRANTED**. The FLD and *Assessment Notices*, both dated October 15, 2020, and the FDDA dated December 21, 2021, are **CANCELLED** and **SET ASIDE**.
>
> **SO ORDERED.**

In his *Motion*, respondent argues that the subject *Letter of Authority* ("LOA") was validly issued to petitioner. Although not received by the taxpayer himself, the latter was informed of its existence through his accountant, Ms. Julia Divina

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[1] Docket – Vol. 2, pp. 621-630.
[2] *Id.*, pp. 642-653.

Martin. That petitioner did not assail the service of the LOA shows that he acquiesced to the authority of the revenue officers who examined his books of accounts. Considering that said revenue officers were properly authorized and such authority was recognized by petitioner, the conduct of the examination and the resulting assessment are valid.

In his *Opposition*, petitioner maintains that the Court well-considered the fact that the LOA was not validly served, thereby rendering the assessment void. He faults respondent's *Motion* for insisting on the validity of the LOA regardless of how it was served on the taxpayer because the revenue officers acted pursuant thereto. According to petitioner, this is "only half of the full concept of due process." Petitioner prays that the Court dismiss or deny the *Motion* since respondent failed to present any new argument overall.

We agree with petitioner.

In the assailed *Decision*, the Court already addressed respondent's arguments in this wise:[3]

> ...The taxpayer is entitled to know that the revenue officer knocking at his or her door has the proper authority to examine his or her books of accounts.
>
> To fulfill the requirement of due process, **proper service of the LOA itself is essential**. Service of a copy of any other BIR document does not suffice. In *Medicard Philippines, Inc. v. Commissioner of Internal Revenue*, the Supreme Court ruled that mere issuance of a Letter Notice to the taxpayer violates the latter's due process if no corresponding LOA was served. It is also well settled that when a new revenue officer is assigned to conduct the examination or assessment, service of a new LOA must be made to prove the existence of the authority of such revenue officer. In *Commissioner of Internal Revenue v. McDonald's Philippines Realty Corp.*, the Supreme Court explained:

[3] Docket – Vol. 2, pp. 615-616. *Citations omitted, Emphasis supplied.*

> ...notice of the fact of reassignment and transfer of cases is one thing; **proof** of the existence of authority to conduct an examination and assessment is another thing...

> Evidence in the instant case strongly supports petitioner's claim that the BIR failed to properly serve the assailed LOA dated December 3, 2018. During the cross-examination of RO Ramos, he admitted that: 1.) petitioner was not present at the time he served the LOA; 2.) he merely relied on the representation of petitioner's supposed relative as to Ms. Martin's authority to receive the LOA; and 3.) Ms. Martin is not an employee of petitioner.

Contrary to respondent's theory, it is not sufficient that the revenue officers examining the taxpayer's records are acting pursuant to an existing LOA. Proof of such existence to the taxpayer must be made. The essence of the LOA is to apprise the taxpayer that the revenue officer knocking at its door is duly authorized. This would be rendered meaningless in the absence of service upon the taxpayer. In *Commissioner of Internal Revenue v. McDonald's Philippines Realty Corp.*,[4] the Supreme Court held:

> ...The only way for the taxpayer to **verify the existence of that authority** is when, **upon reading the LOA**, there is a link between the said LOA and the revenue officer who will conduct the examination and assessment; and the only way to make that link is **by looking at the names of the revenue officers who are authorized in the said LOA**... Due process requires that taxpayers must have **the right to know that the revenue officers are duly authorized to conduct the examination and assessment**, and this requires that the LOAs must contain the names of the authorized revenue officers. In other words, identifying the authorized revenue officers in the LOA is a jurisdictional requirement of a valid audit or investigation by the BIR, and therefore of a valid assessment.

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[4] G.R. No. 242670, May 10, 2021 [Per J. Lopez, Third Division]. *an*

Clearly, an LOA that is not validly served is not a valid LOA. In fact, Revenue Audit Memorandum Order (RAMO) No. 1-00 provides:

> 2. *Serving of Letter of Authority*
>
> 2.1 On the first opportunity of the Revenue Officer to have personal contact with the taxpayer, he should present the Letter of Authority (LA) together with a copy of the Taxpayer's Bill of Rights. The LA should be served by the Revenue Officer assigned to the case and no one else. He should have the proper identification card and should be in proper attire.
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> ...

Since respondent failed to present any new argument to convince the Court that the LOA was validly served upon petitioner, the Court finds no reason to disturb the findings in the assailed *Decision*.

ACCORDINGLY, respondent's *Motion for Reconsideration Re: Decision dated 14 August 2024 filed on September 6, 2024* is **DENIED** for lack of merit.

SO ORDERED.

Catherine T. Manahan
CATHERINE T. MANAHAN
Associate Justice

WE CONCUR:

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

HENRY S. ANGELES
Associate Justice