

**REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY**

SECOND DIVISION

**DUTY FREE PHILIPPINES
CORPORATION,**

Petitioner,

CTA Case No. 9355

Members:

-versus-

**BUREAU OF INTERNAL
REVENUE REPRESENTED BY
KIM S. JACINTO-HENARES,
AND/OR NESTOR S. VALEROSO,
OIC-ASSISTANT
COMMISSIONER, LARGE
TAXPAYERS SERVICE**

Respondent.

CASTAÑEDA, JR., *Chairperson*
CASANOVA, *and*
MANAHAN, JJ.

Promulgated:

JUL 26 2018

8:37 AM

X- - - - - X

R E S O L U T I O N

MANAHAN, J.:

To be resolved is petitioner Duty Free Philippines Corporation's (DFPC) **Motion for Reconsideration**¹ asking this Court to set aside its decision dated May 8, 2018 (assailed decision) and the promulgation of a new one instead. The dispositive portion of the assailed decision reads as follows:

WHEREFORE, in light of the foregoing, the Petition for Review is hereby **DISMISSED** due to lack of jurisdiction. Let a copy of this decision be furnished to the Secretary of Justice.

SO ORDERED.

Petitioner argues that this Court has jurisdiction over its petition citing Section 7 of Republic Act No. 9282².

¹ Docket, CTA Case No. 9355, Vol. II, pp. 498-518.

² Otherwise known as "An Act Expanding the Jurisdiction of the Court of Tax appeals (CTA), Elevating its Rank to the Level of a Collegiate Court with Special Jurisdiction and Enlarging its Membership, Amending for the Purpose Certain Sections of Republic Act No. 9282."

RESOLUTION

CTA Case No. 9355

Page 2 of 5

Respondent, on the other hand, argues in its Opposition that this Court had correctly ruled that the latter has no jurisdiction over the instant petition.

Although the issue raised by the petitioner was already tackled in the assailed decision, this Court will reiterate its disquisition in the instant case citing the case of *Power Sector Assets and Liabilities Management Corporation v. Commissioner of Internal Revenue (PSALM case)*³, to wit:

However, the Supreme Court *En Banc* in *Power Sector Assets and Liabilities Management Corporation v. Commissioner of Internal Revenue (PSALM case)* ruled that in disputes and claims solely between government agencies and offices, including GOCCs, the administrative procedure in Sections 2 and 3 of Presidential Decree (PD) No. 242 should be followed. A part of the Supreme Court's extensive discussion is quoted below:

xxx xxx xxx

The use of the word "shall" in a statute connotes a mandatory order or an imperative obligation. Its use rendered the provisions mandatory and not merely permissive, and unless PD 242 is declared unconstitutional, its provisions must be followed. The use of the word "shall" means that administrative settlement or adjudication of disputes and claims between government agencies and offices, including government-owned or controlled corporations, is not merely permissive but mandatory and imperative. Thus, under PD 242, it is mandatory that disputes and claims **"solely"** between government agencies and offices, including government-owned or controlled corporations, involving only questions of law, be submitted to and settled or adjudicated by the Secretary of Justice.

The law is clear and covers **"all disputes, claims and controversies solely between or among the departments, bureaus, offices, agencies and instrumentalities of the National Government, including constitutional**

Act No. 1125, as amended, Otherwise known as the Law Creating the Court of Tax Appeals, and for Other Purposes"

³ G.R. No. 198146, August 8, 2017. *en*

RESOLUTION

CTA Case No. 9355

Page 3 of 5

offices or agencies arising from the interpretation and application of statutes, contracts or agreements.” When the law says “all disputes, claims and controversies solely” among government agencies, the law means ***all, without exception***. Only those cases already pending in court at the time of the effectivity of PD 242 are not covered by the law.

The purpose of PD 242 is to provide for a **speedy and efficient administrative settlement or adjudication of disputes between government offices or agencies under the Executive branch, as well as to filter cases to lessen the clogged dockets of the courts...**

It is very clear from the ruling itself that “**all disputes, claims and controversies solely between or among the departments, bureaus, offices, agencies and instrumentalities of the National Government, including constitutional offices or agencies arising from the interpretation and application of statutes, contracts or agreements**” are covered by Presidential Decree No. 242 as decided by the Supreme Court itself.

In the instant case, petitioner DFPC is a government-owned-and controlled corporation while respondent Bureau of Internal Revenue is a government agency. Clearly, this is a dispute solely between two government entities, as such, following the *PSALM* case ruling, this Court has no jurisdiction.

Petitioner should be aware that this Court is mandated to take cognizance of the rulings which are promulgated by the Supreme Court as ruled in the case of *The Heirs of Felicidad Canque v. Court of Appeals et al.*,⁴ to wit:

Clearly, the Court of Appeals committed a reversible error because it palpably failed to consider in its August 25, 1994 Decision the aforementioned ruling of the Supreme Court promulgated twenty months earlier on January 27, 1993. Unfortunately, this is not the first time for this Court to come upon such a slip. *Peltan Development vs. Court of Appeals* ruled that **every court must take cognizance of**

⁴ G.R. No. 119184, July 21, 1997. *an*

RESOLUTION

CTA Case No. 9355

Page 4 of 5

decisions this Court has rendered because they are proper subjects of mandatory judicial notice xxx [and] more importantly form part of the legal system. We stress that **members of the bench have a responsibility to know and to apply the latest holdings of the Supreme Court.** The nature of their calling requires no less. (*Emphasis supplied*)

Such duty to follow the legal doctrine enunciated by the Supreme Court is not only pursuant to the doctrine of judicial notice but because it is the only institution which the courts should follow as pronounced in the case of *Manila Electric Company v. Philippine Consumers Foundation, Inc. et al.*,⁵ to wit:

A lower court cannot reverse or set aside decisions or orders of a superior court, especially of this Court, for to do so will negate the principle of hierarchy of courts and nullify the essence of review. A final judgment, albeit erroneous, is binding on the whole world. **Thus, it is the duty of the lower courts to obey the Decisions of this Court and render obeisance to its status as the apex of the hierarchy of courts.** "A becoming modesty of inferior courts demands conscious realization of the position that they occupy in the interrelation and operation of the integrated judicial system of the nation." **"There is only one Supreme Court from whose decisions all other courts should take their bearings,"** as eloquently declared by Justice J. B. L. Reyes. (*Emphasis supplied*)

Further, it is well-settled that courts must be cognizant of the decisions of the Supreme Court because of the doctrine of *stare decisis* as amply explained in the case of *Amelia D. De Mesa et al. v. Pepsi Cola Products, Inc. et al.*,⁶ to wit:

The principle of *stare decisis et non quieta movere* is entrenched in Article 8 of the Civil Code, to wit:

ART. 8. Judicial decisions applying or interpreting the laws or the Constitution shall form a part of the legal system of the Philippines.

It enjoins adherence to judicial precedents. It requires our courts to follow a rule already established in a final decision of the Supreme Court. That decision becomes a judicial precedent to be followed in subsequent cases by all

⁵ G.R. No. 101783, January 23, 2002.

⁶ G.R. Nos. 153063-70, August 19, 2005. *an*

RESOLUTION

CTA Case No. 9355

Page 5 of 5

courts in the land. **The doctrine of stare decisis is based on the principle that once a question of law has been examined and decided, it should be deemed settled and closed to further argument.** (emphasis supplied)

Thus, petitioner's argument that this Court had jurisdiction on the instant case is totally misplaced.

WHEREFORE, premises considered, petitioner's **Motion for Reconsideration** is hereby **DENIED** for lack of merit. Accordingly, the assailed decision promulgated on May 8, 2018 is hereby **AFFIRMED**.

SO ORDERED.


CATHERINE T. MANAHAN
Associate Justice

WE CONCUR:


JUANITO C. CASTAÑEDA, JR.
Associate Justice


CAESAR A. CASANOVA
Associate Justice