REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

THIRD DIVISION

STRAWBERRY FOODS CORPORATION,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA Case No. 10282

Members:

REYES-FAJARDO, *Acting Chairperson,*
and **ANGELES,** *JJ.*

Promulgated:

JAN 08 2026
11:52 a.m.

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RESOLUTION

REYES-FAJARDO, *J.*:

For the Court's resolution is respondent Commissioner of Internal Revenue (CIR)'s *Motion for Reconsideration (of Decision dated 12 July 2024),*[1] which seeks the reversal of the Court's Decision promulgated on July 12, 2024,[2] granting petitioner Strawberry Foods Corporation's Petition for Review. The dispositive portion reads:[3]

> "**WHEREFORE,** the Amended Petition dated August 14, 2020, filed by Strawberry Foods Corporation, is **GRANTED**. Accordingly, the Final Decision on Disputed Assessment dated February 28, 2020, finding the latter liable for deficiency Income Tax, Value-Added Tax, Withholding Tax on Compensation, Final Withholding Tax, and Compromise Penalty covering Taxable Year 2014, is **REVERSED** and **SET ASIDE**.
>
> Respondent, his agents, and other persons acting in his behalf, are **PROHIBITED** from collecting on Strawberry Foods

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1 Docket, Volume II, pp. 821 - 827. Filed through accredited courier service provider on August 2, 2024 and received by the Court on August 5, 2024.

2 Decision, Docket, Volume II, pp. 803 - 820.

3 *Id.* at p. 819.

> Corporation, the deficiency Income Tax, Value-Added Tax, Withholding Tax on Compensation, Final Withholding Tax, and Compromise Penalty covering Taxable Year 2014.
>
> **SO ORDERED.**"

In ruling so, the Court found that the Letter of Authority (LOA) dated December 23, 2016 was improperly served to Mr. Jessie B. Montederamos (Mr. Montederamos), petitioner's driver, who had no proper authority to receive said LOA on behalf of petitioner.

Unfazed, respondent submits that under the doctrine of apparent authority,[4] Mr. Montederamos is assumed to have authority to receive the LOA since he presented himself before Revenue Officer Milton Tamayo (RO Tamayo) apparently as a person authorized to receive the same. Further, respondent added that petitioner is estopped from questioning the validity of the service of the LOA owing to its full cooperation with the audit/investigation.[5]

In response to this, petitioner personally filed its *Comment (To the Motion for Reconsideration of the Decision dated 12 July 2024)* on September 13, 2024.[6] However, per Judicial Records Division's Records Verification Report the dated April 15, 2025,[7] petitioner failed to electronically file said *Comment*. Hence, the *Comment* is deemed not submitted pursuant to CTA En Banc Resolution No. 8-2024,[8] as amended by CTA En Banc Resolution No. 1-2025.[9]

We decide.

The Court finds no compelling reason to reverse or modify the assailed Decision.

First. Respondent's reliance on the doctrine of apparent authority is misplaced.

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4 Respondent cites *Agro Food and Processing Corp. v. Vitarich Corp.*, G.R. No. 217454, January 11, 2021.

5 Motion for Reconsideration, Docket, Volume II, pp. 823 - 824.

6 Docket, Volume II, pp. 829 - 833.

7 Docket, Volume II, p. 838.

8 Guidelines on Submission of Electronic Copies of Pleadings and Other Court Submissions Before the Court of Tax Appeals pursuant to A.M. No. 10-3-7-SC and A.M. No. 11-9-4-SC, September 1, 2024.

9 Interim Guidelines on the Submission of Electronic Copies of Pleadings and Other Court Submissions Before the Court of Tax Appeals, February 5, 2025.

The doctrine of apparent authority provides that a corporation is estopped from denying the agent's authority if it knowingly permits one of its officers or any other agent to act within the scope of an apparent authority, and it holds him out to the public as possessing the power to do those acts.[10]

In *Banate, et al. vs. Philippine Countryside Rural Bank (Liloan, Cebu), Inc., et al. ("Banate")*,[11] the Supreme Court enunciates that apparent authority is determined only by the acts of the principal and not of the agent, *viz*:

> Under the doctrine of apparent authority, acts and contracts of the agent, as are within the apparent scope of the authority conferred on him, although no actual authority to do such acts or to make such contracts has been conferred, bind the principal. The principal's liability, however, is limited only to third persons who have been led reasonably to believe by the conduct of the principal that such actual authority exists, although none was given. **In other words, apparent authority is determined only by the acts of the principal and not by the acts of the agent. There can be no apparent authority of an agent without acts or conduct on the part of the principal; such acts or conduct must have been known and relied upon in good faith as a result of the exercise of reasonable prudence by a third party as claimant**, and such acts or conduct must have produced a change of position to the third party's detriment.[12]

Following *Banate*, it is therefore incumbent upon respondent to prove how petitioner's acts led RO Tamayo to believe that Mr. Montederamos was duly authorized to act for and in behalf of petitioner.

Respondent utterly failed to discharge such burden.

Here, there is nothing in the records that show that petitioner committed any act that would induce belief that Mr. Montederamos has authority to receive the LOA for and in behalf of petitioner.

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10 *Calubad v. Ricarcen Development Corp.*, G.R. No. 202364, August 30, 2017; *Philippine Race Horse Trainer's Association, Inc. v. Piedras Negras Construction and Development Corporation*, G.R. No. 192659, December 2, 2015; *Yao Ka Sin Trading v. Court of Appeals*, G.R. No. 53820, June 15, 1992.

11 G.R. No. 163825, July 13, 2010.

12 Emphasis supplied.

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We reiterate our findings that: 1) RO Tamayo admittedly failed to verify the position of Montederamos as petitioner's driver; and 2) the security guard who allegedly called the accounting office or anyone who should receive the LOA dated December 23, 2016, and the individual who could possibly shed light on the source of Montederamos' authority to receive such document was not presented as witness.

These circumstances taken together show imprudence on the part of respondent and a disregard of the rules and regulations applicable to service upon taxpayers. Plainly, service to an unauthorized person cannot produce any legal effect with respect to petitioner, the principal.

Second. A due process defect stemming from an improper service of the LOA is not waived by the taxpayer's cooperation during audit. This defect is jurisdictional and renders the ensuing examination and assessment void, even if the taxpayer participated, submitted documents, or filed a protest.[13]

WHEREFORE, premises considered, respondent's *Motion for Reconsideration (of Decision dated 12 July 2024)* is **DENIED** for lack of merit. The Decision promulgated on July 12, 2024 is **AFFIRMED.**

SO ORDERED.

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

I CONCUR:

HENRY S. ANGELES
Associate Justice

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13 *Commissioner of Internal Revenue v. Fort 1 Global City Center, Inc.*, G.R. No. 263811, November 26, 2024, citing *Mannasoft Technology Corp. v. Commissioner of Internal Revenue*, G.R. No. 244202, July 10, 2023.