REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

THIRD DIVISION

MASTER SPORTS CORPORATION, *Petitioner*,	**CTA Case No. 10458**
	Members:
- versus -	**REYES-FAJARDO,** *Acting Chairperson*, and **ANGELES,** *JJ*.
COMMISSIONER OF INTERNAL REVENUE, *Respondent*.	Promulgated: JAN 08 2026 11:54 a.m.

x - x

RESOLUTION

REYES-FAJARDO, *J*.:

For the Court's resolution is respondent Commissioner of Internal Revenue (CIR)'s *Motion for Reconsideration (to the Decision dated 02 May 2025)*,[1] which seeks the reversal of the Court's Decision promulgated on May 2, 2025,[2] granting petitioner Master Sports Corporation's Petition for Review. The dispositive portion reads:[3]

> "**WHEREFORE**, in light of the foregoing considerations, the Petition for Review is **GRANTED**. Accordingly, Formal Assessment Notice and Assessment dated April 18, 2012, Final Decision on Disputed Assessment dated November 4, 2015, and Decision dated December 3, 2020 finding petitioner liable for deficiency income tax, value-added tax, and expanded withholding tax relative to calendar year 2007 are hereby **CANCELLED** and **SET ASIDE** for being void.

---

1 Motion for Reconsideration, Docket, Volume III, pp. 1204 - 1216. Electronically filed on May 21, 2025 and personally filed on May 22, 2025

2 Decision, Docket, Volume III, pp. 1189 - 1202.

3 *Id*. at p. 819.

Respondents, its representatives, agents, or other persons acting in its behalf are **ENJOINED** from enforcing against the petitioner the collection of deficiency income tax, value-added tax, and expanded withholding tax assessments for calendar year 2007.

SO ORDERED."

In ruling so, the Court found that there was no valid Letter of Authority in the name of Revenue Officer (RO) Nesel C. Ilagan and Group Supervisor (GS) Praxedio F. Tulio II, who concluded the audit and reported tax deficiencies that became the basis of the Notice of Informal Conference (NIC), Preliminary Assessment Notice (PAN), and Final Assessment Notice (FAN) - all of which were rendered void on due process grounds.

Unfazed, respondent moves for reconsideration and submits that: 1) the Petition must be dismissed for lack of cause of action as there are no disputed assessments to speak of; 2) petitioner is liable for deficiency income tax (IT), value-added tax (VAT), and expanded withholding tax (EWT) for taxable year (TY) 2007; 3) respondent's right to collect deficiency taxes for TY 2007 has not prescribed; and 4) the period to collect petitioner's deficiency taxes for TY 2007 was suspended.[4]

Petitioner retorts that the lack of authority of the ROs results in a void assessment that bears no fruit. Petitioner also added that respondent's right to collect deficiency taxes for TY 2007 had already prescribed and that the Court correctly acquired jurisdiction over this case.[5]

After a careful study of the allegations and the records of this case, the Court finds no compelling reason to reverse or modify the assailed Decision.

Respondent claims that petitioner's failure to file an administrative appeal to the FDDA rendered the assessment against petitioner already final, executory, and demandable. As such, the assessments are not subject to judicial scrutiny, as it is already beyond the Court in Division's jurisdiction.

---

4 Motion for Reconsideration, Docket, Volume III, pp. 1204 - 1216.

5 Opposition (to the Respondent's Motion for Reconsideration dated May 21, 2025). Filed through accredited courier service provider on June 2, 2025, received by the Court on June 3, 2025, and electronically filed on June 2, 2025; Docket, Volume III, pp. 1220 - 1235.

qn/

Respondent's argument, however, must fail in light of Section 7 (a)(1) of Republic Act (RA) No. 1125, as amended by RA No. 9282,[6] which confers upon the Court of Tax Appeals (CTA) the jurisdiction to decide not only cases on disputed assessments and refunds of internal revenue taxes, but also "other matters" arising under the National Internal Revenue Code (NIRC) of 1997, as amended, *viz*:[7]

> SEC. 7. Jurisdiction. — The CTA shall exercise:
>
> (a) Exclusive appellate jurisdiction to review by appeal, as herein provided:
>
> (1) Decisions of the Commissioner of Internal Revenue in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or **other matters arising under the National Internal Revenue [Code]** or other laws administered by the Bureau of Internal Revenue.[8]

In *Commissioner of Internal Revenue v. Court of Tax Appeals Second Division and QL Development, Inc. ("QLDI")*,[9] the Supreme Court, citing *Commissioner of Internal Revenue v. Hambrecht & Quist Philippines, Inc. ("Hambrecht")*,[10] held that the issue of prescription of the CIR's right to collect taxes is covered by the term "other matters" over which the CTA has appellate jurisdiction.

Hambrecht also clarified that the validity of the final assessment is a distinct matter from the issue of prescription of collection of taxes. For this reason, prescription of collection of taxes may be addressed separately, despite the incontestability of the final assessment:

> To be sure, the fact that an assessment has become final for failure of the taxpayer to file a protest within the time allowed only means that the validity or correctness of the assessment may no longer be questioned on appeal. However, the validity of the assessment itself is a separate and distinct issue from the issue of whether the right of the CIR to collect the validly assessed tax has

---

6 An Act Expanding the Jurisdiction of the Court of Tax Appeals, Elevating Its Rank to the Level of a Collegiate Court with Special Jurisdiction and Enlarging its Membership, Amending for the Purpose Certain Sections or Republic Act No. 1125, as amended, otherwise known as the Law Creating the Court of Tax Appeals, and for Other Purposes, March 30, 2004.

7 *Commissioner of Internal Revenue v. Court of Tax Appeals Second Division and QL Development, Inc.*, G.R. No. 258947, March 29, 2022.

8 Emphasis supplied.

9 G.R. No. 258947, March 29, 2022.

10 G.R. No. 169225, November 17, 2010.

> prescribed. **This issue of prescription, being a matter provided for by the NIRC, is well within the jurisdiction of the CTA to decide.**[11]

Consistent with *Hambrecht* and *QLDI*, we have the authority to adjudicate the matter of prescription of collection of taxes in this case, despite the finality of the FDDA.

Bank of the Philippine Islands v. Commissioner of Internal Revenue (*BPI*)[12] elucidated the prescriptive period for the collection of internal revenue taxes, in the event a final assessment, *sans* presence of intentional falsity, or fraud in the filing of tax returns, or omission to file a tax returns, was made by the BIR against the taxpayer, in the following fashion:

> When it validly issues an assessment within the three (3)-year period, it has another three (3) years within which to collect the tax due by distraint, levy, or court proceeding. The assessment of the tax is deemed made and the three (3)-year period for collection of the assessed tax begins to run on the date the assessment notice had been released, mailed or sent to the taxpayer.

Taking our cue from *BPI*, the BIR lost their right to *collect* from petitioner:

Date of receipt of FAN	Deadline to enforce collection	Date of issuance of Notice/Order of Garnishment	Number of days late
April 23, 2012[13]	April 23, 2015	February 5, 2021[14]	2,115 days

Jurisprudentially, the statute of limitations on the assessment and collection of taxes is principally intended to afford protection to the taxpayer against unreasonable investigations as the indefinite extension of the period for assessment deprives the taxpayer of the

---

11 Emphasis supplied.
12 G.R. No. 179942, March 7, 2008.
13 Decision, Docket, Volume III, p. 1193.
14 After petitioner's filing of its Petition for Review on January 27, 2021, petitioner received separate letters dated February 5, 2021 and February 15, 2021, from United Coconut Planters Bank and Bank of the Philippine Islands, respectively, informing petitioner that the BIR have served a Notice/Order of Garnishment directing the seizure, distraint, and garnishment of its bank accounts for purposes of covering its tax deficiencies; C.T.A. Case No. 10458, Exhibit "P-1" (Re: Motion to Suspend the Collection of Taxes and Lift the Warrant of Garnishment), Docket – Vol. 2, pp. 753-755.

assurance to no longer be subjected to further investigation for taxes after the expiration of a reasonable period of time.[15]

WHEREFORE, premises considered, respondent's *Motion for Reconsideration (to the Decision dated 02 May 2025)* is **DENIED** for lack of merit. The Decision promulgated on May 2, 2025 is **AFFIRMED.**

SO ORDERED.

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

I CONCUR:

HENRY S. ANGELES
Associate Justice

---

15 *Commissioner of Internal Revenue v. Marily Development Corp.*, G.R. No. 263794, April 2, 2025; *Commissioner of Internal Revenue v. BASF Coating + Inks Phils., Inc.*, G.R. No. 198677, November 26, 2014; *Bank of the Philippine Islands v. Commissioner of Internal Revenue*, G.R. No. 179942, March 7, 2008.