TAX MANAGEMENT ASSOCIATION OF THE PHILIPPINES, INC.

TAX UPDATES FROM OCTOBER 16, 2025 TO NOVEMBER 15, 2025

Prepared by:
LAYUG CELICIOUS-SY & VILLAPANDO (LCV TAX LAW)

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2. Manila Electric Company v. San Jose Del Monte City and Analiza E. Mendiola, in her capacity as OIC-City Treasurer of San Jose Del Monte City [C.T.A. AC NO. 329]	November 12, 2025	A Local Government Unit ("LGU") cannot validly adjust franchise tax rates unless the adjustment fully complies with Section 191 of the Local Government Code ("LGC"), which requires a prior valid tax-imposing ordinance and a separate adjusting ordinance that increases rates by no more than 10%.	**9**
3. Nationwide Health Systems Baguio, Inc. v. Commissioner of Internal Revenue [C.T.A. CASE NO. 10686]	November 7, 2025	An assessment is void when the audit was conducted by revenue officers not named in the Letter of Authority ("LOA"), rendering the PAN, FLD/FAN, and FDDA without legal effect.	**9-10**
4. Atty. Voltaire Enriquez, in his capacity as the City Treasurer of Taguig v. Dacon Corporation [C.T.A. AC NO. 321]	November 6, 2025	A holding company is not a bank or other financial institution under Sections 143(f) and 151 of the LGC; thus, dividend income received by a holding company is not subject to local business tax ("LBT"). Local ordinances that attempt to impose such tax on	**10**

		holding companies contravene the LGC and are invalid.	
5. Ibex Global Solutions (Philippines), Inc. v. Commissioner of Internal Revenue [C.T.A. CASE NO. 11075]	November 4, 2025	For a taxpayer to be entitled to a refund or issuance of a tax credit certificate for input VAT on zero-rated sales under Section 112 of the NIRC, as amended, it must strictly comply with all requisites, including proper substantiation and VAT invoicing requirements. Failure to comply with invoicing rules, including indicating the nature of services rendered on VAT official receipts, precludes entitlement to zero-rating and refund of input taxes.	**11**
6. Sabre Travel Network (Philippines), Inc. (Formerly Abacus Distribution Systems Philippines, Inc.) v. Commissioner of Internal Revenue [C.T.A. CASE NO. 10848]	November 4, 2025	For a taxpayer to challenge a deficiency tax assessment, the BIR must strictly comply with the procedural requirements for service of the PAN and FLD/FAN under Section 228 of the NIRC, RR No. 12-99, and RMO No. 40-2019. Failure to properly effect service, whether by personal, mail, or substituted service, violates the taxpayer's right to due process and renders the assessment void.	**11**
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8. People of the Philippines v. Florentina Villanueva [C.T.A. EB CRIM. CASE NO. 100] (C.T.A. Crim. Case No. A-11)	November 3, 2025	Only the Solicitor General through the Office of the Solicitor General ("OSG") has the statutory authority to represent the People of the Philippines in appellate proceedings before the CTA. A petition filed on behalf of the People by government lawyers without express	**12**

		or apparent deputization by the OSG is invalid and must be dismissed.	
9. Commissioner of Internal Revenue v. Asia United Leasing & Finance Corporation [C.T.A. EB CASE NO. 2984] (C.T.A. Case No. 8525)	November 3, 2025	The issuance of a FAN or FLD before the expiration of the 15-day period to respond to a PAN violates the taxpayer's right to due process. Any assessment issued in such premature manner is null and void.	**13**
10. Rexes E. Morales v. Commissioner of Internal Revenue and the Revenue Regional Director of Revenue Region No. 14 [C.T.A. SCA CASE NO. 0015]	October 30, 2025	A regular Petition for Review is an available remedy to collection efforts. While the taxpayer cannot assail the assessment as the CIR has yet to decide on the pending administrative protest, the taxpayer can file a Petition for Review to assail the BIR's collection efforts. Under Section 7 (1) of RA No. 1125, as amended, the CTA has jurisdiction over decisions of the CIR in cases involving "other matters" arising from the NIRC which include the issuance of Warrants of Distraint and/or Levy.	**13-14**
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12. Melco Resorts Leisure (PHP) Corporation v. Commissioner of Internal Revenue [C.T.A. EB CASE NO. 2976] (C.T.A. Case Nos. 10099 & 10176) [C.T.A. EB CASE NO. 2980] (C.T.A. Case Nos. 10099 & 10176)	October 28, 2025	Only VAT-registered persons engaged in zero-rated or effectively zero-rated sales may claim a refund or tax credit of input VAT. A PAGCOR licensee, being VAT-exempt, cannot claim a refund of input VAT that may have been passed on to it by its suppliers. Instead, such payment represented and formed part of the purchase price it paid to its suppliers. However, input VAT paid by a PAGCOR licensee on its importations	**15-16**

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18. Sony Philippines, Inc. v. Commissioner of Internal Revenue [C.T.A. CASE NO. 10917]	October 24, 2025	A taxpayer's entitlement to a refund of unutilized creditable withholding taxes requires strict compliance with the requisites under Section 76 of the NIRC; failure to prove that the income upon which taxes were withheld was declared in the Annual ITR is fatal.	**19**

19. Grand Union Supermarket, Inc. v. Commissioner of Internal Revenue [C.T.A. CASE NO. 10390]	October 22, 2025	An assessment cannot be declared void merely because some revenue officers were not individually named in the LOA, or due to defects in waivers or administrative letters, so long as a duly authorized revenue officer conducted the audit and the FLD clearly specifies the tax due. Proper documentation, clear records of creditable taxes, and timely, concrete evidence remain essential for taxpayers to successfully contest an assessment.	**20**
20. Alaska Milk Corporation v. Office of the City Treasurer and/or Davao City [C.T.A. AC NO. 272]	October 22, 2025	When the imposition of LBT under Sections 143 and 150 of the LGC depends on whether a taxpayer maintains a branch, sales office, or warehouse engaged in taxable operations within the locality, the trial court must receive and examine evidence establishing the actual use of the facility. Where the lower court resolves the case without the presentation of evidence, the appellate court cannot determine the factual and legal bases of the assessment, and the case must be remanded for proper trial.	**20-21**
21. Meridien East Realty & Development Corporation v. Commission of Internal Revenue [C.T.A. CASE NO. 9837]	October 21, 2025	Strict interpretation of Section 222(a) requires proof of intent to evade before applying the 10-year prescriptive period; absent such proof, only the 3-year period applies, and the assessment is time-barred.	**21**
22. Spectrum Graphix, Inc. v. Commissioner of Internal Revenue [C.T.A. CASE NO. 11117]	October 21, 2025	The BIR cannot rely solely on the existence of a valid assessment to assert its right to collect taxes; it must actively enforce collection within the prescriptive period through summary administrative remedies, such as distraint or levy, or judicial proceedings. Failure to act within this period constitutes a loss of the right to collect, even when the assessment itself is valid.	**22**

23. BASF Philippines, Inc. v. Commissioner of Internal Revenue [C.T.A. CASE NO. 11071]	October 21, 2025	A taxpayer cannot invoke *Commissioner of Internal Revenue v. Avon Products Manufacturing, Inc.* to nullify deficiency assessments where its reply to the PAN consists only of vague, unsubstantiated factual allegations that give the BIR nothing to consider in re-evaluating the findings.	**22-23**
24. Novartis Healthcare Philippines, Inc. v. Commissioner of Internal Revenue [C.T.A. CASE NO. 10773]	October 21, 2025	A claim for refund of erroneously paid VAT must fail where the taxpayer does not present clear and convincing evidence that the VAT sought to be refunded was not and will not be recovered through input tax credits, as required under Section 3 of RR No. 18-2020.	**23**
25. L.T.J.S. Store, represented by its Owner/Proprietor Mr. Antonio De Jesus Silva v. Hon. District Collector of Customs, Port of MICP, North Harbor, Port Area, Manila; and Hon. Rey Leonardo Guerrero, Commissioner of Customs, South Harbor, Port Area, Manila [C.T.A. CASE NO. 10582]	October 21, 2025	A petition for duty and tax refund must be dismissed where the importer fails to file a protest in proper form under Section 10 of CAO No. 02-2020 where it does not specify the particular ruling of the District Collector being assailed and does not establish payment of protest fees. Absent a proper protest and an appealable ruling of the Commissioner of Customs, the CTA has no jurisdiction; the only power it has is to dismiss the action.	**23-24**
26. Commissioner of Internal Revenue v. Conception Industries, Inc. [C.T.A. EB CASE NO. 2920] (C.T.A. Case No. 10584)	October 20, 2025	An assessment is void when revenue officers who performed the audit and examination, or recommended the issuance of the PAN, FLD, and FDDA, are not named in the LOA, because the absence of their names in the LOA taints the whole audit or examination with illegality and offends the taxpayer's right to due process.	**24**
27. Ebar Abstracting Company, Inc. v. Commissioner of	October 16, 2025	A tax assessment issued without a valid LOA is void; the subsequent issuance of a new LOA after the assessment cannot	**24**

Internal Revenue [C.T.A. CASE NO. 10685]		cure the defect. PAN, FAN, and FDDA stemming from an unauthorized audit are null and void.	
BUREAU OF INTERNAL REVENUE ("BIR") ISSUANCES			
1. REVENUE REGULATIONS NO. 027-2025	October 16, 2025	Amends Section 8 of Revenue Regulations No. 25-2003 on the Tax Treatment on Subsequent Sale, Transfer or Exchange of Tax-Exempt Automobile by a Tax-Exempt Person/Entity to a Non-Exempt Person/Entity	**25-26**
2. REVENUE MEMORANDUM CIRCULAR NO. 105-2025	November 12, 2025	Clarifying the Taxability of Health Emergency Allowance Granted under Republic Act No. 11712, Otherwise Known as the "Public Health Emergency Benefits and Allowances for Health Care Workers Act"	**26-27**
3. REVENUE MEMORANDUM CIRCULAR NO. 095-2025	October 27, 2025	Circularizing Republic Act No. 12235 Entitled "An Act Amending Sections 134 and 168 of Republic Act No. 8424, Otherwise Known as the National Internal Revenue Code of 1997, as Amended"	**27**
4. REVENUE MEMORANDUM CIRCULAR NO. 092-2025	October 22, 2025	Work-Around Procedure for the Accomplishment of BIR Form No. 1602Q in Light of the Implementation of Republic Act No. 12214, Also Known as the "Capital Markets Efficiency Promotion Act (CMEPA)"	**27**

DISCUSSION

COURT OF TAX APPEALS (CTA) DECISIONS

1. **The legal consequence of a void FLD/FAN due to prescription is twofold: (a) there is no valid assessment to serve as the substance of the dispute. The taxpayer's protest, therefore, challenges a legal nullity; and (b) being that the FDDA inherently depends upon the validity of the FLD/FAN, the FDDA is rendered entirely devoid of legal basis.**

   In 2009, Petitioner received a Letter of Authority ("LOA") giving authority to Revenue Officers ("RO") J. Bangcola, J. Jui, A. Hilal, A. Usman, G. Macaangga, E. Tan, and G. Eito to examine its books, accounts, and other financial records for taxable year ("TY") 2008. In 2016, Petitioner received the Preliminary Assessment Notice ("PAN"). In 2018, Petitioner received the Formal Letter of Demand/Final Assessment Notice ("FLD/FAN"). In 2021, Petitioner received the Final Decision on Disputed Assessment ("FDDA").

   In 2021, alleging that the said assessments were void for failure to state the factual and legal bases, for being founded merely on assumptions, for violating its right to due process, and for having been issued beyond the prescriptive period provided by law, Petitioner filed a Petition for Review.

   The CTA held that the 10-year assessment period under Section 222 of the NIRC does not apply in this case. Respondent failed to prove by clear and convincing evidence that Petitioner willfully or intentionally filed an alleged false or fraudulent return. Respondent CIR's right to assess Petitioner for TY 2008 had prescribed at the time of issuance of the FLD/FAN. Based on the record on hand, Petitioner properly established that the necessary forms for filing its returns for IT, WTC, EWT, VAT, FWVAT, and Withholding Tax on Purchase of Land for the 2008 taxable period were filed either before or on the date of the last day to file the return. This gave Respondent 3 years from the last day prescribed by law for the filing of a return assess Petitioner for its taxes due for the given year. The FLD/FAN was issued by the Respondent and served on the Petitioner only on December 17, 2018, clearly beyond the 3-year prescriptive period provided under Section 203 of the NIRC. The FLD/FAN and FDDA are void for being issued beyond the prescriptive period allowed by law. Hence, there is no valid assessment to serve as the substance of the dispute. Since the FDDA inherently depends upon the validity of the FLD/FAN, the FDDA is rendered entirely devoid of legal basis. (*The City of Manila, Represented by Hon. Francisco "Isko Moreno" Domagoso v. Commissioner of Internal Revenue [C.T.A. CASE NO. 10654. November 12, 2025.]*)

2. **A Local Government Unit ("LGU") cannot validly adjust franchise tax rates unless the adjustment fully complies with Section 191 of the Local Government Code ("LGC"), which requires a prior valid tax-imposing ordinance and a separate adjusting ordinance that increases rates by no more than 10%.**

   Petitioner challenged the franchise tax adjustments imposed by Respondent for taxable years 2006–2011. Respondent relied on Section 2F.02 of Ordinance No. C-008 to increase the rate from fifty percent (50%) to seventy-five percent (75%) of one percent of gross annual receipts. The facts revealed, however, that no subsequent ordinance was enacted to effect the said adjustment; both the initial rate and the supposed adjustment appeared in the same ordinance.

   The CTA held that two conditions must concur before an LGU may validly adjust local tax rates: (i) an existing tax ordinance that already imposes the tax in accordance with the LGC; and (ii) a second tax ordinance that adjusts the rate fixed by the first. Additionally, any adjustment must not exceed ten percent (10%) of the prevailing rate. Here, Respondent failed to satisfy both requirements. The adjustment was contained in the same ordinance and exceeded the 10% threshold, increasing the rate from 50% of 1% to 75% of 1%, far beyond what Section 191 allows. Accordingly, the CTA declared that the adjustment under Section 2F.02 of Ordinance No. C-008 was ultra vires and invalid, and Respondent may not collect the additional franchise taxes for the years in question. *(Manila Electric Company v. San Jose Del Monte City and Analiza E. Mendiola, in her capacity as OIC-City Treasurer of San Jose Del Monte City [C.T.A. AC NO. 329. November 12, 2025.]*

3. **An assessment is void when the audit was conducted by revenue officers not named in the Letter of Authority ("LOA"), rendering the PAN, FLD/FAN, and FDDA without legal effect.**

   The case involves the deficiency income tax, VAT, EWT, FWT, and DST assessments issued by the BIR against Petitioner for TY 2013. The OIC-Regional Director issued an LOA authorizing only RO Christy Daytec and GS Stanley Dangatan to examine Petitioner's books. Despite this, the audit and examination were actually conducted by RO Riza S. Liwan and RO Justine Ivana P. Estillore, who were not authorized under any LOA. The PAN, and later the FLD/FAN, were issued on the basis of their examination. No new LOA or amended LOA was ever issued to cover these revenue officers. The FDDA subsequently affirmed liability in the aggregate amount of P6,493,872.28, inclusive of surcharges, interests, and compromise penalties. Petitioner elevated the matter to the CTA.

   The CTA held that under Sections 6, 10(c), and 13 of the NIRC, only the Commissioner or his duly authorized representatives may authorize the examination of a taxpayer, and such authority must be embodied in a LOA. As jurisprudence consistently holds, the LOA is the concrete manifestation of this delegated statutory power. Any reassignment of the audit from one revenue officer to another requires the issuance of a new LOA, pursuant to RMO No. 43-90.

Here, while the LOA named RO Christy Daytec and GS Stanley Dangatan, the audit was in fact conducted by RO Riza S. Liwan and RO Justine Ivana P. Estillore. The CTA found that no new or amended LOA was issued in their favor and no modification of the original LOA was shown. The examination conducted by unauthorized revenue officers constituted a usurpation of authority, rendering the resulting PAN and FLD/FAN void. As the CTA emphasized, a LOA being a special authority, it cannot be supplanted by mere internal memoranda or audit assignments.

Consequently, all assessments issued pursuant to the unauthorized audit including the PAN, FLD/FAN, and FDDA are invalid and produce no legal effect, as they arose from a process tainted by a violation of Petitioner's right to administrative due process. With the assessments already declared void, the CTA found no need to address the remaining issues raised by the parties. *(Nationwide Health Systems Baguio, Inc. v. Commissioner of Internal Revenue [C.T.A. CASE NO. 10686. November 7, 2025.])*

4. **A holding company is not a bank or other financial institution under Sections 143(f) and 151 of the LGC; thus, dividend income received by a holding company is not subject to local business tax ("LBT"). Local ordinances that attempt to impose such tax on holding companies contravene the LGC and are invalid.**

Dacon Corporation, a holding company, paid local business tax on its dividend income for 2018 and 2019 in the course of renewing its business permits. It later filed an administrative and judicial claim for refund, asserting that as a holding company, it should not be taxed on dividend income. The City Treasurer argued that Section 5 of Taguig Ordinance No. 47 Series of 2006 subjected Dacon Corporation to LBT on dividends, relying on the company's admitted status as a holding company.

The RTC ruled that Dacon Corporation, as a holding company, is not a bank or non-bank financial intermediary, and thus cannot be taxed on dividends under Sections 143(f) and 151 of the LGC.

The CTA affirmed, emphasizing that Section 5 of Taguig Ordinance No. 47 Series of 2006 contravenes the LGC because it imposes LBT on holding companies, which is beyond the taxing authority of the city. Dividend income earned by Dacon Corporation from its subsidiaries is not subject to LBT, and the refund granted by the RTC was proper. *(Atty. Voltaire Enriquez, in his capacity as the City Treasurer of Taguig v. Dacon Corporation [C.T.A. AC NO. 321. November 6, 2025.])*

5. **For a taxpayer to be entitled to a refund or issuance of a tax credit certificate for input VAT on zero-rated sales under Section 112 of the NIRC, as amended, it must strictly comply with all requisites, including proper substantiation and VAT invoicing requirements. Failure to comply with invoicing rules, including indicating the nature of services rendered on VAT official receipts, precludes entitlement to zero-rating and refund of input taxes.**

   Petitioner, a VAT-registered entity, filed an administrative and judicial claim for refund of input VAT amounting to P5,739,324.36 allegedly attributable to zero-rated services rendered to its nonresident foreign client, IBEX Global Bermuda Ltd., for the 1st quarter of FY 2021. Petitioner submitted VAT zero-rated official receipts to support the claim and asserted that payment was in foreign currency and accounted for in accordance with BSP rules. Respondent denied the refund, citing noncompliance with the VAT law and regulations.

   The CTA found that the supporting official receipts failed to indicate the nature of services rendered, as required under Section 113 of the NIRC and Revenue Regulations No. 16-2005. The CTA ruled that Petitioner failed to comply with the mandatory invoicing and substantiation requirements, which are *strictissimi juris* given the nature of VAT and the tax credit system. Consequently, Petitioner could not establish entitlement to zero-rated sales treatment, and the refund claim was denied. *(Ibex Global Solutions (Philippines), Inc. v. Commissioner of Internal Revenue [C.T.A. CASE NO. 11075. November 4, 2025.])*

6. **For a taxpayer to challenge a deficiency tax assessment, the BIR must strictly comply with the procedural requirements for service of the PAN and FLD/FAN under Section 228 of the NIRC, RR No. 12-99, and RMO No. 40-2019. Failure to properly effect service, whether by personal, mail, or substituted service, violates the taxpayer's right to due process and renders the assessment void.**

   Petitioner received a LOA from the BIR in 2018 for the audit of its TY 2017. The BIR later issued a PAN on December 7, 2020, and an FLD/FAN on February 3, 2021. Petitioner denied receiving the PAN and challenged the service of the FLD/FAN, arguing that BIR personnel improperly attempted service, including leaving the notice with a non-official during the taxpayer's work-from-home arrangement. The BIR claimed service via mail and substituted service but failed to submit the required sworn reports and proper documentation proving actual receipt.

   The CTA emphasized that service of assessment notices is a substantive prerequisite for due process, requiring strict compliance with procedural rules. The CTA found that personal service was not properly attempted, substituted service was invalid, and mailing lacked proper proof of receipt. As such, the PAN, FLD/FAN, and the subsequent WDL were issued in violation of the taxpayer's due process rights. The CTA ruled that the deficiency tax assessments totaling P27,146,305.44 were void and canceled. *(Sabre Travel Network (Philippines), Inc. (Formerly Abacus Distribution Systems Philippines, Inc.) v. Commissioner of Internal Revenue [C.T.A. CASE NO. 10848. November 4, 2025.])*

7. **The thirty (30)-day period to file a Petition for Review with the CTA from the lapse of the 180-day period under Section 228 of the NIRC, as amended, is a jurisdictional requirement. A taxpayer cannot claim a "fresh" 180-day period for a subsequent administrative appeal or request for reconsideration; failure to file the Petition for Review within the prescribed period deprives the CTA of jurisdiction.**

   Petitioner, a domestic corporation engaged in the manufacture of metal products, received a LOA from the BIR authorizing an audit for CY 2015. Following the audit, Petitioner received a PAN and FLD reiterating alleged deficiencies. Petitioner filed a Request for Reinvestigation with supporting documents on February 6, 2019. The BIR issued the FDDA only on March 15, 2021, prompting Petitioner to file a Request for Reconsideration on May 24, 2021. Believing a "fresh" 180-day period applied, Petitioner filed the Petition for Review on December 20, 2021.

   The CTA clarified that no separate 180-day period exists for administrative appeals; since the original period had long expired by the issuance of the FDDA, there was no actionable inaction, and Petitioner's sole remedy was to await the Commissioner's final decision and appeal within 30 days of receipt. The CTA ruled that it lacked jurisdiction to hear the Petition for Review and, accordingly, dismissed the case. *(Allied Metals, Inc. v. Commissioner of Internal Revenue [C.T.A. CASE NO. 10711. November 4, 2025.])*

8. **Only the Solicitor General through the Office of the Solicitor General ("OSG") has the statutory authority to represent the People of the Philippines in appellate proceedings before the CTA. A petition filed on behalf of the People by government lawyers without express or apparent deputization by the OSG is invalid and must be dismissed.**

   The BIR issued a LOA to examine Respondent Florentina Villanueva's books for TY 2000. Following her failure to comply with document requests, the BIR issued assessment notices for deficiency income tax, VAT, and penalties. Despite partial payments and offers to compromise, Villanueva was charged criminally for violation of Section 255 of the NIRC. The RTC acquitted Villanueva on August 2, 2017, and denied the BIR's motion for reconsideration. The Court in Division affirmed these orders in 2022 and 2023. The People, through BIR lawyers, filed a Petition for Review with the CTA En Banc in 2023, bypassing the OSG and without proof of deputization or service to the OSG.

   The CTA En Banc dismissed the Petition for Review for lack of authority, holding that the BIR lawyers had no statutory power to represent the People absent express OSG deputization. The Court emphasized that only the OSG may bring or defend actions in the name of the Republic, and failure to comply with this requirement renders the filing invalid. Consequently, the assailed Decision and Resolution of the Court in Division were affirmed, and the Petition was dismissed. *(People of the Philippines v. Florentina Villanueva [C.T.A. EB CRIM. CASE NO. 100. November 3, 2025.] (C.T.A. Crim. Case No. A-11))*

9. **The issuance of a FAN or FLD before the expiration of the 15-day period to respond to a PAN violates the taxpayer's right to due process. Any assessment issued in such premature manner is null and void.**

   For TY 2008, the BIR issued a PAN to Asia United Leasing & Finance Corporation on January 4, 2012, requiring a reply within 15 days. Despite this, the BIR simultaneously issued the FAN/FLD on the same day, without allowing the taxpayer to respond.

   The Court in Division found that the premature issuance of the FAN/FLD denied the taxpayer its statutory right to due process under Section 228 of the NIRC of 1997, as amended, and Revenue Regulations No. 12-99, as amended by RR No. 18-2013. The Court emphasized that the 15-day period is mandatory, and the filing of a protest after the premature FAN does not cure the defect.

   The CTA En Banc affirmed the Court in Division holding that the FAN/FLD issued on January 4, 2012 violated the taxpayer's right to due process. Consequently, the deficiency assessment for TY 2008, including interest and related collection notices, was properly cancelled and set aside. The Petition for Review filed by the CIR was denied for lack of merit. *(Commissioner of Internal Revenue v. Asia United Leasing & Finance Corporation [C.T.A. EB CASE NO. 2984. November 3, 2025.] (C.T.A. Case No. 8525))*

10. **A regular Petition for Review is an available remedy to collection efforts. While the taxpayer cannot assail the assessment as the CIR has yet to decide on the pending administrative protest, the taxpayer can file a Petition for Review to assail the BIR's collection efforts. Under Section 7 (1) of RA No. 1125, as amended, the CTA has jurisdiction over decisions of the CIR in cases involving "other matters" arising from the NIRC which include the issuance of Warrants of Distraint and/or Levy.**

    From 2019 to 2021, then-Regional Director of Revenue Region No. 14 issued three LOAs for the examination of Petitioner's books of accounts for CY 2017. This was followed by a Notice of Discrepancy ("NOD") in December 2021, PAN in May 2022, and FLD/FAN in August 2022. Petitioner filed a timely protest. The FDDA was issued in January 2023. While Petitioner sought reinvestigation and/or reconsideration of the FDDA, Respondents immediately proceeded with collection by issuing a Warrant of Distraint and/or Levy ("WDL"), Warrants of Garnishment ("WGs)", and Notices of Tax Levy ("NTLs") beginning May 2023.

    On July 3, 2023, Petitioner filed before the CTA a Petition for Certiorari and Prohibition with an Urgent Application for a Temporary Restraining Order and/or Writ of Preliminary Injunction to annul and void the WDL, WGs, and NTLs. The CTA denied the urgent application for lack of merit in January 2024 and later denied petitioner's Omnibus Motion seeking reconsideration and permission to offer supplemental evidence. Because the case was a Rule 65 petition rather than a regular petition for review, the CTA did not conduct hearings or require presentation of evidence for the main case, and the matter was submitted for resolution after the filing of the parties' respective submissions.

The CTA ruled that it has jurisdiction over the instant Petition, citing jurisprudence recognizing CTA's authority to take cognizance of Rule 65 petitions and issue the associated writs. As in Rule 65 petitions, it is necessary that there is no appeal or other plain, speedy, and adequate remedy available.

While Petitioner could not assail the assessment, as respondent CIR had yet to decide on his administrative protest, he could have filed a Petition for Review to assail the Warrants and Notices and seek their annulment. Under Section 7 (1) of RA No. 1125, as amended, the CTA has jurisdiction over decisions of the CIR in cases involving "other matters" arising from the NIRC which include the BIR's collection efforts, such as the issuance of WDLs. His filing of a Petition for Certiorari and Prohibition was thus improper and must be denied for lack of merit. The present Petition calls for the voiding of the Warrants and Notices only, not of the FLD/FAN or assessment in general. This could have been done via a regular Petition for Review. *(Rexes E. Morales v. Commissioner of Internal Revenue and the Revenue Regional Director of Revenue Region No. 14 [C.T.A. SCA CASE NO. 0015. October 30, 2025.])*

11. **A taxpayer cannot successfully contest deficiency assessments for IT, VAT, EWT, and DST without adequate substantiation and supporting documentation, as failure to overcome the presumption of regularity in the performance of the revenue officer's duties will result in the assessment being upheld.**

In this case, Petitioner filed a Petition for Review seeking the cancellation of deficiency assessments for IT, VAT, EWT, WTC, DST, and compromise penalty for TY 2016, totaling P31,547,253.48.

The CTA held that the taxpayer is liable for deficiency IT, noting that the assessment of sales and receipts not subjected to tax was proper because the taxpayer failed to overcome the presumption of regularity in the performance of the respondent's duties. The CTA reiterated that vouchers must be validated with official receipts to have probative value, and the taxpayer did not present sufficient evidence to prove that the corresponding income for the withholding tax was earned in the taxable year.

The CTA notes that Petitioner did not utilize the excess of the MCIT over normal income tax as credit against its tax liabilities for the succeeding three (3) taxable years. After the lapse of the 3-year period, the excess MCIT over normal income tax asset loses its creditability. In this case, since Petitioner did not use the excess of MCIT over normal income tax as tax credit, there is no reason for Respondent to disallow the same. Although the subject disallowed excess CWT is not fully utilized as of the TY 2022, the tax credits remain in Petitioner's ITR which is readily available for use whenever Petitioner has income tax liabilities.

The CTA also upheld liability for deficiency VAT and EWT due to the taxpayer's failure to sufficiently disprove the findings of the respondent. Liability for DST was confirmed because the debt instruments were issued prior to the taxable year and no convincing evidence of prior payment was submitted. Conversely, the taxpayer was not held liable for WTC, and the Court declined to impose the compromise penalty in accordance with

Revenue Memorandum Order No. 7-2015, which limits such penalties to suggested settlements in cases of criminal liability and may not therefore be imposed or exacted on the taxpayer" in the event that a taxpayer refuses to pay the same.

The CTA emphasized that the burden of proof rests upon the taxpayer and that assertions without proper substantiation and documentation are insufficient to rebut the presumption of regularity in the assessment process. *(Kalayaan Engineering Company, Inc. v. Commissioner of Internal Revenue [C.T.A. CASE NO. 10839. October 29, 2025.])*

12. **Only VAT-registered persons engaged in zero-rated or effectively zero-rated sales may claim a refund or tax credit of input VAT. A PAGCOR licensee, being VAT-exempt, cannot claim a refund of input VAT that may have been passed on to it by its suppliers. Instead, such payment represented and formed part of the purchase price it paid to its suppliers. However, input VAT paid by a PAGCOR licensee on its importations and on services rendered by non-residents is refundable.**

In 2019, Melco filed a Petition for Review alleging the CIR's inaction on its claim for refund amounting to P43,469,919.17 and another Petition for Review appealing the denial of its refund claim amounting to P39,220,031.74. The Court in Division rendered a Decision denying the consolidated Petitions for Review for lack of merit. It held that PAGCOR's tax exemption does not extend to a PAGCOR licensee authorized to operate its own casino. It emphasized that Melco is a licensee of PAGCOR. Thus, PAGCOR's exemption does not inure to its benefits. Melco filed a Motion for Reconsideration.

On February 21, 2024, the Court in Division partially granted Melco's Motion for Reconsideration and ordered the CIR to refund or issue a Tax Credit Certificate ("TCC") in favor of Melco in the reduced amount of P495,314.00, representing the VAT paid on the importation of goods other than capital goods for the 3rd and 4th quarters of TY 2017. Melco filed a Motion for Partial Reconsideration while the CIR filed his own Motion for Partial Reconsideration. The Court in Division denied both motions for partial reconsideration for lack of merit. Hence, the instant two Petitions for Review separately filed by Melco and the CIR.

The CTA En Banc held that the exemption of PAGCOR from all kinds of taxes under PD No. 1869 inures to the benefit of its licensees and contractees. The CTA En Banc further held that only VAT-registered persons engaged in zero-rated or effectively zero-rated sales may claim a refund or tax credit of input VAT. Melco, however, is tax exempt under PD No. 1869 and cannot claim a refund of input VAT that may have been passed on to it by its suppliers. Instead, such payment represented and formed part of the purchase price it paid to its suppliers.

On the other hand, since Melco is exempt from tax under PD No. 1869, its importations are VAT-exempt pursuant to Section 109 (1) (K) of the NIRC, as amended. Insofar as Melco alleges that VAT was collected on its importations and on payments for services rendered by non-residents, the CTA En Banc finds that such VAT was erroneously collected and may properly be the subject of a refund under Section 229 of the NIRC, as amended. The Court in Division did not err in granting Melco a refund or tax credit of

P495,314.00 for unutilized input VAT on importation of goods other than capital goods for the third and fourth quarters of TY 2017. *(Melco Resorts Leisure (PHP) Corporation v. Commissioner of Internal Revenue [C.T.A. EB CASE NO. 2976. October 28, 2025.] (C.T.A. Case Nos. 10099 & 10176) [C.T.A. EB CASE NO. 2980. October 28, 2025.] (C.T.A. Case Nos. 10099 & 10176))*

13. **To sustain a refund claim, the taxpayer must show not only the timely filing of administrative and judicial claims but also that the FWT paid was erroneously, illegally, or wrongfully collected.**

Petitioner sought a refund of alleged excess FWT in the amount of P47,972,225.78 which was paid on royalty fees to GE Switzerland, a non-resident foreign corporation. The royalties were paid under a 2019 technology licensing agreement. Petitioner claimed it mistakenly remitted FWT twice: once in its July 2021 return and again in its August 2021 return.

Petitioner later secured a BIR Certificate of Entitlement to Treaty Benefits confirming that the royalties qualify for the 15% preferential rate under the Philippines–Switzerland tax treaty. It then filed an administrative refund claim in August 2023. Before receiving a BIR decision, the case was elevated to the CTA to beat the two-year prescriptive deadline.

The CTA ruled that while Petitioner filed timely and made a proper demand, it failed to prove that an erroneous or illegal tax payment occurred. The CTA found that the August 2021 FWT return clearly included and remitted the royalties and corresponding tax due to GE Switzerland. However, Petitioner could not substantiate its claim that the July 2021 royalties were fully paid, nor could it justify a substantial adjustment it made in its July alphalist. The alleged double payment was unproven. Because Petitioner did not present clear and convincing proof of erroneous payment of FWT, the CTA denied the refund claim. *(GE Healthcare Philippines, Inc., (formerly General Electric Philippines, Inc.) v. Commissioner of Internal Revenue [C.T.A. CASE NO. 11270. October 28, 2025.])*

14. **The government's right to assess a taxpayer for deficiency taxes had prescribed because the waivers of the statute of limitations were void for lack of due acceptance by the BIR prior to the expiration of the prescriptive period and for having been secured by a revenue officer who did not possess a valid LOA.**

This case involves a Petition for Review assailing the deficiency IT, VAT, and EWT assessments issued against Petitioner for TY 2014. Following the issuance of the initial LOA in 2016, the audit was repeatedly reassigned through a Memorandum of Assignment and subsequent communications. A series of waivers were thereafter executed, each purporting to extend the period to assess and collect deficiency taxes. A second LOA was later issued, after which the Petitioner received the Notice of Informal Conference ("NIC"), PAN, FLD and FDDA reiterating alleged liabilities amounting to P1,593,040,682.23, inclusive of interest and penalties.

Petitioner protested and, after denial, elevated the matter to the CTA. The sole issue raised was whether the taxpayer remained liable given the alleged prescription of the

government's right to assess deficiency taxes. The CTA held that prescription had set in because the waivers executed by the taxpayer were void. The CTA found that Respondent failed to show that the waivers were duly accepted by the BIR prior to the expiration of the applicable prescriptive periods under Sections 203 and 222(b) of the NIRC. While RMO No. 14-2016 dispensed with the requirement that the date of acceptance appear on the face of the waiver, it did not remove the substantive requirement established by RMO No. 20-90 and jurisprudence that the waiver must in fact be executed and duly accepted before the period to assess or collect expires. Even assuming arguendo that the waivers were timely accepted, the CTA ruled that they were nonetheless void because they were facilitated by a revenue officer who did not possess a valid LOA. Any audit or investigation conducted without a valid LOA is unauthorized, and any assessment arising therefrom is null and void. *(Medicard Philippines v. Commissioner of Internal Revenue [C.T.A. CASE NO. 10853. October 28, 2025.])*

15. **A BIR letter denying a taxpayer's request to lift a WDL constitutes an appealable final determination of a tax matter cognizable by the CTA.**

This case involves a Petition for Review filed to assail a Letter issued by the BIR denying the taxpayer's request to lift a WDL issued to enforce collection of deficiency taxes for TY 2013. Although the Letter did not take the form of an assessment or a final decision on a protest, the CTA held that it bore the character of finality because it categorically affirmed the BIR's position that the taxpayer's liabilities were enforceable and that collection would proceed. The CTA held that its jurisdiction is not confined to disputed assessments but extends to "other matters" arising under the NIRC, including disputes relating solely to the collection of taxes. Thus, a BIR letter that definitively refuses to lift a collection remedy constitutes a reviewable determination falling within the CTA's appellate jurisdiction.

The substantive issue pertained to prescription. Petitioner received the FAN on January 4, 2017, which became final and executory on February 3, 2017 upon its failure to protest. From this point, the prescriptive period for collection began to run. The BIR argued that the extraordinary five-year period under Section 222(b) of the NIRC applied, but the CTA found that the BIR failed to substantiate the requirements for invoking such extended period. The WDL and the accompanying Memorandum of Assignment were insufficient to prove circumstances that would legally extend the period to collect. Accordingly, the CTA applied the ordinary three-year period which expired on February 3, 2020. Since the BIR's WDL was served only on September 28, 2021, the collection efforts were deemed time-barred. *(Teknologix, Inc. v. Commissioner of Internal Revenue [C.T.A. CASE NO. 10803. October 27, 2025.])*

16. **A taxpayer cannot be held liable under deficiency tax assessments that are void for violation of the due process requirements under Section 228 of the NIRC.**

This case involves a Petition for Review filed to challenge a FDDA issued against Petitioner for alleged deficiency income tax, VAT, EWT, WTC, IAET, and compromise penalties for TY 2015.

After the BIR issued a PAN on February 22, 2018, Petitioner timely submitted a Reply on March 9, 2018. Nonetheless, the BIR issued the FANs only five days later, on March 14, 2018, reflecting the same findings and computations as the PAN and showing no indication that the taxpayer's Reply had been reviewed or considered. The taxpayer subsequently filed a protest, which the BIR denied through an FDDA dated June 24, 2020. The FDDA expressly declared itself as the final decision of the Commissioner's duly authorized representative and advised that the taxpayer may seek recourse before the CIR or the CTA within thirty days, failing which the assessment would become final, executory, and demandable. Having received the FDDA on July 6, 2020, Petitioner electronically filed its Petition for Review on August 4, 2020, well within the 30-day reglementary period, thereby vesting the CTA with due authority to take cognizance of the appeal.

On the merits, the CTA held that Petitioner cannot be held liable under assessments issued in patent violation of Section 228 of the NIRC. The CTA emphasized that due process in tax assessment requires that the BIR must not only issue a PAN and FAN stating the legal and factual bases of the assessment but must also consider the taxpayer's response to the PAN before issuing the FAN. Here, the issuance of the FAN a mere five calendar days after the taxpayer filed its Reply, coupled with the verbatim repetition of the PAN's findings in the FAN and its Details of Discrepancies, demonstrated that the BIR failed to evaluate the taxpayer's defenses. The CTA ruled that assessment notices that disregard a taxpayer's reply constitute a denial of due process and are void. *(Folares Pharmaceuticals, Inc. v. Commissioner of Internal Revenue [C.T.A. CASE NO. 10331. October 27, 2025.])*

17. An appeal to the CTA from a FDDA must be filed strictly within the non-extendible 30-day period under Section 228 of the NIRC.

This case involves a Petition for Review filed before the CTA En Banc assailing the Resolutions of the Court in Division which denied the Petitioner's Motion for Extension to File Petition for Review and expunged the Petition for Review for having been filed out of time. Petitioner received the FDDA on July 15, 2024. Instead of filing its appeal within thirty days, it sought an additional fifteen days on the ground that it needed to examine voluminous records, obtain the certified true copy of the FDDA, and that counsel was occupied with other urgent matters. On August 29, 2024, Petitioner filed its Petition for Review, which the Court in Division denied for being filed beyond the reglementary period under Section 228 of the NIRC. Petitioner's motion for reconsideration was subsequently denied, prompting it to elevate the matter to the CTA En Banc.

Petitioner argued that Section 11 of R.A. No. 9282 which allows extensions of time to file petitions for review under a procedure analogous to Rule 42 of the Rules of Court should harmonize with Section 228 of the NIRC. It contended that since the Supreme Court has held that the CTA may grant extensions in Rule 42-analogous appeals, the same rule should apply to appeals from the CIR's decisions on disputed assessments. Petitioner likewise asserted that Section 11, being the later statutory enactment, should prevail should any conflict exist, and that its need for additional time constituted a compelling basis for the requested extension.

The CTA En Banc rejected these arguments and affirmed the denial of the extension. It held that the 30-day period under Section 228 of the NIRC is mandatory, jurisdictional, and non-extendible, and must not be confused with the 30-day appeal period under Section 11 of R.A. No. 1125, as amended. The Court emphasized that Section 11 is a general rule governing modes of appeal to the CTA, while Section 228 is a special statutory provision specifically prescribing the reglementary period for appeals involving disputed tax assessments. As a special law, Section 228 prevails, and the period it provides cannot be extended by motion. Since Petitioner filed its Petition for Review beyond the non-extendible thirty-day period, the FDDA had already become final, executory, and demandable, leaving the CTA without jurisdiction to entertain the appeal. *(Yokohama Tire Sales Philippines, Inc. v. Commissioner of Internal Revenue [C.T.A. EB CASE NO. 3078. October 24, 2025.] (C.T.A. Case No. 11590))*

18. **A taxpayer's entitlement to a refund of unutilized creditable withholding taxes requires strict compliance with the requisites under Section 76 of the NIRC; failure to prove that the income upon which taxes were withheld was declared in the Annual ITR is fatal.**

Petitioner filed its original Annual Income Tax Return for FY ended March 31, 2020 on July 15, 2020, reflecting an overpayment and selecting the option "To be refunded." An amended Annual ITR filed on September 29, 2020 likewise reflected an overpayment and the same option. On June 23, 2022, Petitioner filed an administrative claim for refund of unutilized CWT amounting to P58,022,111.00. With no action from Respondent, Petitioner filed the present judicial claim on July 14, 2022.

The CTA held that both administrative and judicial claims were timely filed within the two-year prescriptive period, reckoned from the date of filing of the Annual ITR. Consistent with jurisprudence prior to the enactment of the Ease of Paying Taxes Act, the CTA reiterated that so long as both claims were filed within such period, the filing of the judicial claim need not await prior action by Respondent. On the substantive issue, the CTA noted that Petitioner marked the option "To be refunded" in both the original and amended returns, thus allowing its excess CWTs to be the proper subject of a refund under Section 76 of the Tax Code. Petitioner also carried over to FY 2021 only the amount of P166,262,401.00 as prior year's excess credits, which excluded the amount claimed in this case, thereby supporting its refund option. The CTA then evaluated compliance with the requisites for refund of unutilized CWTs: (1) filing within the prescriptive period; (2) proof of withholding; and (3) proof that the income subjected to withholding was included in the taxpayer's gross income in its return. While Petitioner was able to establish the fact of withholding, it did so only to the extent of P48,319,793.95. More importantly, Petitioner failed to demonstrate that the income payments from which the claimed taxes were withheld formed part of its gross income in its Annual ITR. The CTA stressed that this third requisite is indispensable; absent sufficient proof that the income upon which the taxes were withheld was declared in the return, the CTA cannot definitively rule that Petitioner is entitled to a refund or a tax credit certificate. Consequently, Petitioner's non-compliance with this requisite proved fatal to its claim. *(Sony Philippines, Inc. v. Commissioner of Internal Revenue [C.T.A. CASE NO. 10917. October 24, 2025.])*

19. **An assessment cannot be declared void merely because some revenue officers were not individually named in the LOA, or due to defects in waivers or administrative letters, so long as a duly authorized revenue officer conducted the audit and the FLD clearly specifies the tax due. Proper documentation, clear records of creditable taxes, and timely, concrete evidence remain essential for taxpayers to successfully contest an assessment.**

    Petitioner raised several arguments questioning the validity of the assessment, including: (1) that the LOA dated May 9, 2014 should have been revalidated; (2) that the FLD was invalid due to the infirmity of the FDDA; (3) that some revenue officers were unauthorized; (4) that the FLD did not specify definite amounts; (5) that the Waivers were invalid; and (6) that the deficiency income tax, DST, and IAET, as well as surcharges and interests, were wrongly imposed.

    The CTA found that Petitioner's arguments were partly without merit. First, the alleged lack of revalidation of the LOA does not nullify the authority of the duly assigned revenue officer, RO Mendoza, who conducted the audit and recommended the issuance of both the PAN and FAN/FLD. The officer in this case remained authorized throughout the assessment process. Second, the invalidity of the FDDA does not render the FLD void. Jurisprudence holds that a defective decision on a disputed assessment does not automatically invalidate the underlying assessment, so long as the FLD clearly specifies the amount of tax due and demands payment. Third, the CTA found that Petitioner failed to substantiate its claims regarding the CWTs, DST, and IAET. Only a portion of the disallowed CWTs pertained to a period outside the fiscal year, which was corrected. For the IAET, Petitioner's evidence failed to demonstrate that the appropriation of retained earnings was used for the reasonable needs of the business during the relevant fiscal year. Mere assertions or documents reflecting prior years' transactions are insufficient to prove compliance. Consequently, except for the adjustment to the disallowed CWTs, the CTA upheld the validity of the assessment. *(Grand Union Supermarket, Inc. v. Commissioner of Internal Revenue [C.T.A. CASE NO. 10390. October 22, 2025.])*

20. **When the imposition of LBT under Sections 143 and 150 of the LGC depends on whether a taxpayer maintains a branch, sales office, or warehouse engaged in taxable operations within the locality, the trial court must receive and examine evidence establishing the actual use of the facility. Where the lower court resolves the case without the presentation of evidence, the appellate court cannot determine the factual and legal bases of the assessment, and the case must be remanded for proper trial.**

    Petitioner maintained a warehouse in Davao City but claimed it was used solely for storage. After exchanges with Respondent , Petitioner was assessed LBT for 2019 and early 2020 amounting to P1,857,602.58, which it paid under protest. Respondent denied the protest, asserting that Petitioner was doing business in Davao City because products stored in the warehouse were delivered to Davao customers. Petitioner filed a Petition for Review before the RTC, which later dismissed the petition and denied reconsideration, sustaining Respondent's position. Petitioner then elevated the case to the CTA.

The CTA found that the RTC resolved the case without conducting trial or receiving any evidence from either party. The RTC merely required the submission of memoranda and then ruled on the merits. The CTA held that determining LBT liability under Sections 143 and 150 of the LGC, in relation to Article 243 of its IRR, necessarily requires factual findings on whether Petitioner's warehouse functioned solely as a warehouse, or as a branch or sales office. Without evidence, the RTC could not validly conclude that Petitioner was doing business in Davao City for LBT purposes.

Because the core issue which is the actual nature and use of the Davao facility was factual, and the RTC failed to require evidence, the CTA declared that it was unable to resolve the parties' claims and defenses on the basis of the incomplete record. Accordingly, the CTA remanded the case to the RTC of Davao City-Branch 16 for proper trial and reception of evidence to determine Petitioner's tax situs and LBT liability. *(Alaska Milk Corporation v. Office of the City Treasurer and/or Davao City [C.T.A. AC NO. 272. October 22, 2025.])*

21. Strict interpretation of Section 222(a) requires proof of intent to evade before applying the 10-year prescriptive period; absent such proof, only the 3-year period applies and the assessment is time-barred.

Petitioner argued that the assessment issued against it was void for having been released beyond the three-year prescriptive period provided under Section 203 of the NIRC. It maintained that Respondent could not resort to the 10-year period under Section 222(a) because there was no showing that its return for the taxable year involved was false or fraudulent with intent to evade tax. Petitioner stressed that the prevailing jurisprudence at the time, as reaffirmed in McDonald's Philippines Realty Corporation v. Commissioner of Internal Revenue, required a strict interpretation of Section 222(a) such that the extended prescriptive period applies only when the BIR is able to establish falsity or fraud with intent to evade tax.

The CTA sustained Petitioner's position. It noted that Respondent failed to present any evidence demonstrating that Petitioner filed its return with the intent to evade tax. Mere inconsistencies or perceived discrepancies in the return did not, by themselves, amount to intentional evasion. Given this absence of proof, the CTA held that Petitioner remained subject only to the ordinary three-year prescriptive period. Since the assessment was issued after the expiration of the three-year period, the CTA concluded that Petitioner was correct in asserting that the assessment had already prescribed. *(Meridien East Realty & Development Corporation v. Commission of Internal Revenue [C.T.A. CASE NO. 9837. October 21, 2025.])*

22. The BIR cannot rely solely on the existence of a valid assessment to assert its right to collect taxes; it must actively enforce collection within the prescriptive period through summary administrative remedies, such as distraint or levy, or judicial proceedings. Failure to act within this period constitutes a loss of the right to collect, even when the assessment itself is valid.

The CTA acknowledges that the deficiency IAET assessment for TY 2007 issued to Petitioner on November 17, 2010, and received on November 24, 2010, was valid and demandable. The Assessment Notice included a definite tax liability and a specific due date for payment, thereby satisfying the substantive requirements under Section 228 of the NIRC and the implementing regulations. Petitioner, however, failed to file a protest, which rendered the assessment final, executory, and demandable.

Despite the validity of the assessment, the right of Respondent to collect the assessed taxes is not unlimited. Under Section 203 and Section 222 of the NIRC, the BIR has a prescribed period to enforce collection which is three years from the release of a valid assessment, or five years in cases falling under exceptions such as the filing of a false or fraudulent return. In this case, Petitioner did not file an IAET return (BIR Form No. 1704), thus triggering the potential application of the extended 10-year period; however, this period begins only upon discovery by the BIR.

The facts show that the Respondent did not issue any warrants of distraint, levy, garnishment, or initiate judicial proceedings to enforce collection within the prescriptive period. Receipt of the Waiver of the Defense of Prescription until December 17, 2016, does not suffice to suspend or extend the statutory period beyond what is provided by law. Thus, the failure of Respondent to act within the prescribed period effectively bars collection, even though the assessment was valid. (*Spectrum Graphix, Inc. v. Commissioner of Internal Revenue [C.T.A. CASE NO. 11117. October 21, 2025.]*)

23. A taxpayer cannot invoke *Commissioner of Internal Revenue v. Avon Products Manufacturing, Inc.* to nullify deficiency assessments where its reply to the PAN consists only of vague, unsubstantiated factual allegations that give the BIR nothing to consider in re-evaluating the findings.

Petitioner argued that the assessments were void for violation of due process because Respondent merely reiterated in the FLD the findings earlier stated in the PAN, allegedly without considering the defenses raised in its reply. The CTA, however, found that Petitioner's January 5, 2021 reply to the PAN merely refuted the findings and consisted of vague one-liner or single sentence statements that were not backed by any relevant documents. Petitioner likewise failed to submit in evidence the attachments it claimed to have referred to in its reply. Standing alone, these mere factual allegations were insufficient to dispute or overturn the factual findings indicated in the PAN. Given the absence of substantiating documents, the CTA held that the assessments, insofar as they were unrefuted, must be deemed uncontested or undisputed. Consequently, Respondent cannot be expected to comply with the Avon requirement of considering the taxpayer's evidence because Petitioner did not provide the evidence needed to resolve the factual issues to begin with. The BIR was thus justified in simply reiterating the PAN findings in

the FLD, as there was nothing in the taxpayer's reply that required further evaluation. *(BASF Philippines, Inc. v. Commissioner of Internal Revenue [C.T.A. CASE NO. 11071. October 21, 2025.])*

24. A claim for refund of erroneously paid VAT must fail where the taxpayer does not present clear and convincing evidence that the VAT sought to be refunded was not and will not be recovered through input tax credits, as required under Section 3 of RR No. 18-2020.

Petitioner sought a refund of VAT erroneously paid on the importation of diabetes and hypertension medicines, asserting that such importations were VAT-exempt under RMC No. 62-2020. While the CTA found that the administrative and judicial claims were timely filed, and that the importations indeed fell within the VAT exemption, it emphasized that Petitioner must still comply with all elements required for a refund under Sections 204(C) and 229 of the NIRC, including the requirement under Section 3 of RR No. 18-2020 that the VAT paid must not have been reported and claimed as input tax credit in the monthly and/or quarterly VAT returns. The records showed that Petitioner reported the claimed amount of P26,960,507.62 in its VAT returns. Thus, the burden rested on Petitioner to prove, with clear and convincing evidence, that this amount had already been deducted from its input tax credits to preclude any future application against output VAT. The CTA held that Petitioner failed to present such proof. Without evidence showing that the VAT paid was not or could no longer be recovered through the input tax mechanism, the CTA could not allow a refund of the same tax. *(Novartis Healthcare Philippines, Inc. v. Commissioner of Internal Revenue [C.T.A. CASE NO. 10773. October 21, 2025.])*

25. A petition for duty and tax refund must be dismissed where the importer fails to file a protest in proper form under Section 10 of CAO No. 02-2020 where it does not specify the particular ruling of the District Collector being assailed and does not establish payment of protest fees. Absent a proper protest and an appealable ruling of the Commissioner of Customs, the CTA has no jurisdiction; the only power it has is to dismiss the action.

The CTA dismissed the petition because Petitioner did not comply with the mandatory requirements governing customs protests. Although it filed a "Protest and Appeal," the document did not specify the particular ruling of the District Collector being questioned, as required by Section 10.2 of CAO No. 02-2020, and Petitioner failed to show that the requisite protest fees were paid under OCOM Memorandum No. 110-2020. Consequently, the protest could not be regarded as having been filed in proper form.

The CTA further noted that Petitioner relied on the alleged inaction of the Commissioner of Customs. However, under Section 10.3 of CAO No. 02-2020, the Commissioner's failure to act within 30 days results only in the deemed affirmation of the ruling of the District Collector, not in a reviewable inaction. After such deemed affirmation, the regulations require the aggrieved importer to file a Motion for Reconsideration with the Commissioner within 15 calendar days from receipt of said ruling. The records show that Petitioner did not file this required motion. Because Petitioner neither filed a valid protest nor completed the administrative steps that would produce a decision, ruling, or final order

of the Commissioner, there was nothing appealable to the CTA under Sections 7(a)(4) and 11 of R.A. No. 1125, as amended. The CTA emphasized that its jurisdiction extends only to decisions of the Commissioner of Customs, and not to his inaction. *(L.T.J.S. Store, represented by its Owner/Proprietor Mr. Antonio De Jesus Silva v. Hon. District Collector of Customs, Port of MICP, North Harbor, Port Area, Manila; and Hon. Rey Leonardo Guerrero, Commissioner of Customs, South Harbor, Port Area, Manila [C.T.A. CASE NO. 10582. October 21, 2025.])*

26. An assessment is void when revenue officers who performed the audit and examination, or recommended the issuance of the PAN, FLD, and FDDA, are not named in the LOA, because the absence of their names in the LOA taints the whole audit or examination with illegality and offends the taxpayer's right to due process.

The CTA En Banc affirmed the CTA Division's cancellation of the TY 2014 assessments because the audit was conducted by revenue officers who were not named in the LOA. The LOA authorized only GS Aviles, RO Pelayo, and RO Guimbao, yet ROs Sison, Gomez, and Manuel participated in the examination and even recommended the issuance of the PAN and FDDA. The CTA En Banc held that the absence of their names in the LOA taints said examination and audit process with invalidity since the LOA is the concrete manifestation of the grant of authority to conduct an audit. *(Commissioner of Internal Revenue v. Conception Industries, Inc. [C.T.A. EB CASE NO. 2920. October 20, 2025.](C.T.A. Case No. 10584))*

27. A tax assessment issued without a valid LOA is void; the subsequent issuance of a new LOA after the assessment cannot cure the defect. PAN, FAN, and FDDA stemming from an unauthorized audit are null and void.

The CTA held that the audit conducted by RO Talib A. Muti III for TY 2014 was void because he was not originally named in LOA No. SN: eLA201200033892 issued on July 28, 2015, which authorized RO Myrabel Dela Cruz and GS Arlaine Gina Lapuz to conduct the audit. The reassignment via MOA No. RR8-047-REA-0516-385, issued by the Revenue District Officer, did not confer valid authority, as only a LOA issued by the Commissioner, Deputy Commissioner, or Regional Director can authorize a revenue officer to examine a taxpayer. The Supreme Court has consistently ruled that substitution of revenue officers without a new LOA renders subsequent assessments void.

The CTA emphasized that a LOA is indispensable to commence an audit, informing the taxpayer that an examination is underway and that a deficiency tax assessment may follow. Any assessment issued without such authority, including the PAN, FAN, and FDDA, is null and void. The belated LOA issued on October 16, 2020, in favor of RO Muti III, could not validate the audit or cure the prior defect since it was issued after the FAN had already been served. *(Ebar Abstracting Company, Inc. v. Commissioner of Internal Revenue [C.T.A. CASE NO. 10685. October 16, 2025.])*

BIR ISSUANCES

1. **REVENUE REGULATIONS NO. 027-2025 (October 16, 2025) – Amends Section 8 of Revenue Regulations No. 25-2003 on the Tax Treatment on Subsequent Sale, Transfer or Exchange of Tax-Exempt Automobile by a Tax-Exempt Person/Entity to a Non-Exempt Person/Entity**

   This amends Section 8 of Revenue Regulations No. 25-2003 to modify the allowable depreciation rate used in computing the *ad valorem* tax when a tax-exempt automobile is subsequently sold, transferred, or exchanged by a tax-exempt person or entity to a non-exempt person or entity. The amendment ensures equitable tax computation and alignment with market-based valuation.

   Updated Tax Treatment

   Under the amended provision, the purchase of an automobile by a non-exempt person/entity from a tax-exempt person/entity shall be subject to ad valorem tax based on whichever is higher of:

   1. the actual consideration between the parties; or
   2. the depreciated value of the automobile using a sixteen percent (16%) per year depreciation rate, provided that total depreciation shall not exceed eighty percent (80%) of the original cost or value.

   If the automobile was acquired by the tax-exempt person/entity prior to but sold after the effectivity of the Act, the computation of the ad valorem tax shall be governed by the Act.

   Anti-Avoidance Rules

   Where it is determined that the automobile was acquired primarily to avoid the payment of excise tax, the *ad valorem* tax shall be assessed based on the original purchase price or importation value, without any allowance for depreciation. The Regulation provides specific circumstances that may indicate tax-avoidance intent, unless evidence to the contrary is presented. These include:

   1. sale, transfer, or exchange within a short period (e.g., within one year) without sufficient justification;
   2. repeated acquisition and quick disposal of automobiles suggesting a business practice rather than bona fide institutional use;
   3. transfers to officers, employees, relatives, or affiliated entities without arm's-length terms;
   4. records showing minimal or no use for official operations before disposal;
   5. evidence of prior agreements to sell or transfer the automobile even before or shortly after acquisition;

6. acquisition of luxury or high-value automobiles not justified by the tax-exempt entity's nature, operations, or size;
7. failure to register the automobile in the name of the tax-exempt entity without valid justification, or predominant use by persons not affiliated with the entity;
8. any other circumstance clearly indicating that the automobile was acquired not for bona fide institutional use but to circumvent excise tax.

2. **REVENUE MEMORANDUM CIRCULAR NO. 105-2025 (November 12, 2025) – Clarifying the Taxability of Health Emergency Allowance Granted under Republic Act No. 11712, Otherwise Known as the "Public Health Emergency Benefits and Allowances for Health Care Workers Act"**

The Health Emergency Allowance ("HEA") is granted under Republic Act No. 11712, also known as the Public Health Emergency Benefits and Allowances for Health Care Workers Act. It is provided to health care and non-health care workers, regardless of employment status, during public health emergencies such as COVID-19. The allowance is given monthly, based on the worker's risk exposure:

Area of Deployment	Amount of HEA
Low Risk Areas	At least Three thousand pesos (P3,000.00)
Medium Risk Areas	At least Six thousand pesos (P6,000.00)
High Risk Areas	At least Nine thousand pesos (P9,000.00)

Coverage

Applies to all health care and non-health care workers during a declared public health emergency, from declaration until lifted by the President.

Taxability

- HEA is fully granted if a worker renders at least 96 hours of service in a month; otherwise, it is prorated.
- For employees with an employer-employee relationship, HEA is considered part of "other benefits" under Section 32(B)(7)(e) of the Tax Code.
    - Gross benefits not exceeding P90,000 are exempt from income tax.
- For contractual workers, job orders, or independent contractors, HEA is subject to income tax and other applicable taxes, since no employer-employee relationship exists.

Administrative Requirement

All recipients of HEA must be included in the Alphabetical List of Employees/Payees submitted annually by employers/payors in accordance with existing regulations.

3. **REVENUE MEMORANDUM CIRCULAR NO. 095-2025 (October 27, 2025) Circularizing Republic Act No. 12235 Entitled "An Act Amending Sections 134 and 168 of Republic Act No. 8424, Otherwise Known as the National Internal Revenue Code of 1997, as Amended"**

   Republic Act No. 12235 was signed into law by President Ferdinand R. Marcos Jr. on August 29, 2025. The Act amends Sections 134 and 168 of the National Internal Revenue Code of 1997 to standardize the excise tax treatment of denatured alcohol, ensuring both imported and locally produced alcohol are exempt from excise tax, thereby promoting fair competition and aligning with international standards. However, the President exercised a line-item veto on the provision that would allow compounding plants with rectifying facilities to denature alcohol, citing risks of revenue loss, tax evasion, and inefficiency.

4. **REVENUE MEMORANDUM CIRCULAR NO. 092-2025 (October 22, 2025) – Work-Around Procedure for the Accomplishment of BIR Form No. 1602Q in Light of the Implementation of Republic Act No. 12214, Also Known as the "Capital Markets Efficiency Promotion Act (CMEPA)"**

   Pending the revision of BIR Form No. 1602Q in Electronic Filing and Payment System (eFPS) and eBIRForms, all concerned taxpayers shall observe the following procedures in the accomplishment of the BIR Form No. 1602Q prior to its filing and payment of the corresponding taxes due thereon:

   1. All eFPS and eBIRForms filers shall use the BIR Form No. 0605 in the filing and remittance of the final withholding tax on foreign currency deposit.
   2. Accomplish/Fill-out the necessary fields in BIR Form No. 0605 and indicate the following:
      a. For ATC — MC200
      b. For Tax Type — WB
      c. For Manner of Payment — Click on "OTHERS" box and type "FWT CMEPA"
   3. Click on "Validate."
   4. Pay online the corresponding taxes due by proceeding the payment for eFPS filers and via online payment thru Maya (formerly Pay Maya), Landbank Electronic Payment Service (LBEPS) or BIR-DBP Pay Tax Online (BDPTO); or manual payment via over-the-counter (OTC) of Authorized Agent Banks (AABs) for eBIRForms filers.