TAX MANAGEMENT ASSOCIATION OF THE PHILIPPINES, INC.

TAX UPDATES FROM JULY 16, 2025 TO AUGUST 15, 2025

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6. MD Davao Agri-Ventures, Inc. v. Commissioner of Internal Revenue, CTA Case No. 10625	29 July 2025	Only Sales Invoices (whether cash or charge) shall be issued and considered as principal evidence for sale of goods and/or properties which shall be the basis of the output tax liability of the seller (whether 12% or 0%). Commercial invoices do not suffice as these are merely supplementary documents.	**11-12**
7. The City of Taguig and Atty. Marianito D. Miranda in His Official Capacity as the City Treasurer of the City of Taguig v. Union Cement Holdings Corporation, CTA AC No. 313	29 July 2025	Presumptive Income Level Assessment Approach (PILAA) may only be used in computing the local business tax if it is in the local tax ordinance and has undergone public hearings and publications, and the taxpayer is unable to provide proof of its gross sales or receipts.	**12**
8. IBMS Technology Phils. Corporation v. Commissioner of Internal Revenue, CTA Case No. 10606	30 July 2025	For cases covered by electronic Letter of Authorities (eLOAs), the failure to render a report of investigation/verification within one hundred eighty (180) days, the lapse of the 180-day period, or the failure to revalidate a LOA, does not nullify the LOA.	**13**
9. O-Healthcare Solution Phil., Inc. v. Commissioner of Internal Revenue, CTA Case No. 10951	30 July 2025	The requirement for a LOA does not extend to the reinvestigation process, which is undertaken to reach a decision on the Protest to the Formal Letter of Demand/Final Assessment Notice (FAN/FLD) or Assessment Notice by way of a Final Decision on Disputed Assessment (FDDA).	**13-14**
10. O & S Trading and Construction Supply, Inc., as Represented by Jaime S. Guerrero, Jr. v. Office of the City Treasurer of Las Piñas City, CTA AC No. 303	01 August 2025	Whether a tax assessment involves national internal revenue taxes or local taxes, the requirements of due process in the exercise by the government of its taxing powers must be strictly observed. Failure of the taxing authority to sufficiently inform the taxpayer of the facts and the law used as bases for the assessment will render the assessment void.	**14-15**
11. E.E. Black Ltd. (Philippines Branch) v. Commissioner of Internal Revenue, CTA Case No. 11074	07 August 2025	Section 228 of the NIRC requires that an assessed taxpayer be informed of the factual and legal basis for the assessment, on pain of said assessment's nullification. When a taxpayer protests an assessment, the BIR is required to address the arguments raised. Simply ignoring such arguments renders the assessment void, as that would be a violation of the taxpayer's right to due process.	**15-16**
12. Vitarich Corporation v. City Treasurer of Cagayan de Oro City and the Local Government of Cagayan de Oro City, CTA AC No. 292	07 August 2025	Based on Section 143(h), in relation to Section 151, of the Local Government Code (LGC) of 1991, a city is empowered to impose business taxes, inter alia, on real estate lessors, real estate dealers or real estate developers. It is thus necessary to determine first whether petitioner should be considered as real estate lessor, real estate dealer or real estate developer as defined in Section 2 of RR No. 7-2003.	**16-17**
13. Nestlé Philippines, Inc. v. Commissioner of Internal Revenue and the OIC-Assistant	07 August 2025	Before any case can be filed with the Court of Tax Appeals (CTA) in relation to the Commissioner of Internal Revenue (CIR)'s power to interpret the NIRC and its rules and regulations, prior recourse must first be made	**17-18**

Commissioner Large Taxpayers Service, CTA Case No. SCA-0016		before the Secretary of Finance. It is only after the Secretary of Finance has been given the chance to rule upon the validity of the CIR's interpretation of the NIRC and its rules and regulations that an appeal before the CTA can be made.	
14. CITCO International Support Services Limited-Philippines ROHQ v. Commissioner of Internal Revenue, CTA EB No. 2900	07 August 2025	Under the Tax Reform for Acceleration and Inclusion Law (TRAIN), a judicial claim could not be raised based on the CIR's inaction. A taxpayer's only option, as far as raising a judicial claim goes, was to await the CIR's decision.	**18-19**
15. Team (Philippines) Energy Corporation v. The Municipality of Pagbilao, Quezon, et al., CTA AC No. 331	11 August 2025	Section 195 of the LGC applies in cases where a tax assessment is issued to the taxpayer, thereby presupposing the existence of a valid tax assessment, while Section 196 of the same Code assumes relevance in instances where no such assessment exists. In this case, the Tax Orders of Payment do not satisfy the requirements of the law to qualify as assessments as they do not specify any deficiency amount and the factual and legal bases for the assessed amounts.	**19-20**
16. Pilipinas Shell Petroleum Corporation v. Commissioner of Internal Revenue, CTA Case No. 10966	12 August 2025	An "erroneous or illegal tax" is one levied without statutory authority, or upon property not subject to taxation, or by some officer having no authority to levy the tax, or one which is by some other similar respect illegal. Erroneous or wrongful payment includes excessive payment because they all refer to payment of taxes not legally due.	**20**
17. Shirley Tan Festin, doing business under the name and style of CSR Construction and Supply v. Commissioner of Internal Revenue, CTA Case No. 10264	13 August 2025	To prove the fact of mailing, it is essential to present the registry receipt issued by the Bureau of Posts or the Registry return card which would have been signed by the taxpayer or its authorized representative. If said documents could not be located, the CIR should submit a certification issued by the Bureau of Posts and any other pertinent document executed with its intervention.	**21-22**
18. People of the Philippines v. Ronald Punay Robin, CTA Crim. Case No. A-19	13 August 2025	Without the element of falsity, fraud, or willful omission, the law and jurisprudence strictly require that the regular assessment process and the three (3)-year statute of limitation under Sections 228 and 203 of the Tax Code be religiously observed. These cannot be bypassed by the mere expedient of filing a criminal case, and for the Court to determine the tax liability despite finding the lack of falsity, fraud, or willful omission, as this would constitute a circumvention of these requirements.	**22**
19. Aegis Lighting and Grounding Protection Inc. v. Commissioner of Internal Revenue, CTA Case No. 10716	13 August 2025	Once a taxpayer denies receipt of the BIR's notices, the burden of proof rests upon the latter to prove that these notices have been actually received. The BIR's own regulations, particularly Section 3.1.6 of RR No. 12-99, as amended by RR Nos. 18-2013 and 7-2018, provide for the due process requirement in the issuance of a deficiency tax assessment, and	**23**

		that service by mail is resorted to only when personal service is not practicable.	
20. Air Drilling Associates Pte Ltd. v. Commissioner of Internal Revenue, CTA Case No. 10752	13 August 2025	Jurisprudence has laid down specific requisites that a taxpayer-applicant must comply with to successfully obtain a refund or tax credit of unutilized or excess input Value-Added Tax (VAT) attributable to zero-rated sales. Non-compliance with any of the requisites will result in the denial of the application for refund/tax credit.	**23-24**
21. San Miguel Corporation v. the Hon. Romeo D. Lumagui, Jr., as Commissioner of Internal Revenue, CTA SCA Case No. 0030	14 August 2025	An assessment notice, despite attaining finality, is not conclusive as to the ownership of the properties included therein. The CIR cannot levy or distraint properties that do not form part of the decedent's estate. The power of the BIR to enforce collection through distraint is limited to those that undisputedly belong to the taxpayer.	**24-25**
22. ESS Manufacturing Company, Inc. v. Commissioner of Internal Revenue, CTA Case No. 10763	14 August 2025	Although the nullity of the FDDA does not equate to the nullity of the FLD/FAN when the FLD/FAN is void for failure to contain a categorical demand for payment, the FDDA and the corresponding Warrants of Garnishment (WOGs) are likewise void.	**26**
23. People of the Philippines v. Chow Master Corporation, and its responsible officers, Rebecca Ann K. Sy, Jojo Candelario, and Alice Lao Yap, CTA Crim. Case No. O-809	14 August 2025	To sustain a conviction for the offense of willful failure to file return, pay tax, and failure to supply correct and accurate information, the following elements must be satisfied: 1. The corporate taxpayer is required by law to pay the tax; 2. The corporate taxpayer failed to pay the tax at the time required by law or rules and regulations; and 3. The accused, as the employee responsible for the violation, willfully failed to pay such tax at the time required.	**26-27**
24. Stefanini Philippines Inc. v. Commissioner of Internal Revenue, CTA Case No. 11072	14 August 2025	Jurisprudence has laid down specific requisites that a taxpayer-applicant must comply with to successfully obtain a refund or tax credit of unutilized or excess input VAT. Non-compliance with any of the requisites will result in the denial of the application for refund/tax credit.	**27-28**
25. Commissioner of Internal Revenue v. St. Paul Hospital Cavite, Inc., CTA EB No. 2880 (CTA Case No. 10815)	15 August 2025	A Tax Verification Notice (TVN) is not equivalent to a LOA. The examination of a taxpayer may only be done by the CIR and his duly authorized representatives through the issuance of a LOA.	**28**
BIR REVENUE REGULATIONS ("RR")			
1. RR No. 18-2025	05 August 2025	Amending Pertinent Provisions of RR No. 25-2003, as Amended, to Implement Section 149 of the NIRC, as Further Amended Under Section 18 of Republic Act No. 12214, otherwise known as the "Capital Markets Efficiency Promotion Act" (CMEPA)	**28-29**
2. RR No. 19-2025	05 August 2025	Implementing the rate adjustments for DST under Sections 174, 176, and 179 of the NIRC and the amendments to the documents and	**29**

		papers not subject to DST under Section 199 of the same Code, under the CMEPA	
3. RR No. 20-2025	05 August 2025	Implementing the rate adjustment of stock transaction tax (STT) and the imposition of the STT on the sale or exchange of domestic shares of stocks and other securities listed and traded through a foreign stock exchange under Section 127 of the NIRC, as amended by the CMEPA	**29-30**
4. RR No. 21-2025	05 August 2025	Implementing the amendments to Sections 22, 24, 25, 27, 28, 32, 34, 38, 39, and 42 of the Tax Code, introduced by the CMEPA	**30-34**
5. RR No. 22-2025	08 August 2025	Further amending Section 7(B) of RR No. 17-2011 by revising guidelines on the allowed deduction which the employer may claim from his/its qualified contribution to an employee's Personal Equity and Retirement Account (PERA) under RA No. 9505, otherwise known as the PERA Act of 2008	**34**
BIR REVENUE MEMORANDUM CIRCULARS ("RMC")			
1. RMC No. 74-2025	18 July 2025	Updated Checklist of Documentary Requirements for BIR Registration-Related Frontline Services	**35**
2. RMC No. 75-2025	23 July 2025	Providing Extension of the Deadlines for the Filing of Tax Returns and Payment of the Corresponding Taxes Due Thereon, Including Submission of Required Documents for Taxpayers within the Jurisdiction of Revenue District Offices of the BIR that were Affected by the Southwest Monsoon and Typhoons "Crising", "Dante" and "Emong"	**35**
3. RMC No. 76-2025	25 July 2025	Extension of the deadline for the filing of position papers, replies, protests, documents and other similar letters and correspondences in relation to ongoing BIR Audit Investigation, Application for Tax Refund and Issuance of Assessment Notices and Warrants of Distraint and Levy for Taxpayers within the jurisdiction of Revenue District Offices and Regional Offices of the BIR that were affected by the Southwest Monsoon and Typhoons "Crising", "Dante" and "Emong"	**36**
4. RMC No. 77-2025	25 July 2025	Expanding the coverage of RMC No. 75-2025 to new areas affected by Typhoon "Emong" for the filing of tax returns and payment of the corresponding taxes due thereon, including the submission of other required documents	**36**
5. RMC No. 78-2025	29 July 2025	Providing the guidelines and procedures on the registration, filing of returns, and payment of VAT for Nonresident Digital Service Providers through the VAT on Digital Services Portal	**36-37**
6. RMC No. 79-2025	31 July 2025	Providing extension of deadline for filing of Tax Returns and payment of VAT due of Nonresident Digital Service Provider pursuant to Republic Act No. 12023	**37**

DISCUSSION

SUPREME COURT DECISIONS

1. ***Commissioner of Internal Revenue v. Stradcom Corporation, G.R. No. 255520, 21 April 2025***

The case is a Petition for Review on Certiorari (Petition) under Rule 45 of the Rules of Court filed by petitioner Commissioner of Internal Revenue (CIR). The CIR seeks the reversal and setting aside of the Decision dated 23 July 2020 and Resolution dated 27 January 2021 of the Court of Tax Appeals *En Banc* (CTA EB) in CTA EB No. 1949. The CTA EB denied the CIR's Petition for Review and affirmed the Decision dated 29 May 2018 and Resolution dated 24 September 2018 of the CTA Special First Division (CTA Division), which ordered the CIR to refund or issue a tax credit certificate (TCC) in favor of Stradcom Corporation (Stradcom) in the amount of PhP325,381,412.81, representing erroneously collected income tax for taxable year (TY) 2011.

As a background, Stradcom filed its Annual Income Tax Return (AITR) for TY 2011 with the BIR on 16 April 2012.

On 19 July 2013, Stradcom received a letter dated 05 July 2013 from Assistant Commissioner of Internal Revenue, Alfredo V. Misajon, demanding payment of deficiency income taxes for TY 2011 in the amount of PhP488,377,342.81, inclusive of interest.

Subsequently, on 31 July 2013, the BIR issued a Warrant of Distraint and/or Levy (WDL) against Stradcom and a Warrant of Garnishment (WOG) over Stradcom's bank account with Land Bank of the Philippines.

On 08 August 2013, Stradcom submitted a letter to the BIR seeking the cancellation of the WDL and WOG on the ground that the issuance thereof was against its right to due process, as no Preliminary Assessment Notice (PAN) and a Final Assessment Notice (FAN) were issued for the corporation's supposed tax liabilities for TY 2011.

In order to lift and cancel the WDL and WOG, Stradcom paid in cash the amount of PhP488,377,342.81 on 29 August 2013, which consisted of PhP385,672,285.00 as the actual income tax liability and PhP102,705,057.81 as interest, for TY 2011. As a result of the collection of the aforestated amounts, Stradcom filed an administrative claim for refund or for the issuance of a TCC with the BIR's Large Taxpayers Audit Division II on 15 May 2015, for the total amount of PhP325,381,413.00, representing allegedly erroneously collected basic tax and interest.

Due to the BIR's inaction on the administrative claim for refund, Stradcom filed a Petition for Review with the CTA Division on 25 August 2015.

In a Decision dated 29 May 2018, the CTA Division granted Stradcom's Petition for Review and ordered the CIR to refund Stradcom the amount of PhP325,381,412.81. The CIR filed a Motion for Reconsideration (MR), which the CTA Division denied in a Resolution dated 24 September 2018. In the Decision dated 23 July 2020, the CTA EB upheld the CTA Division's ruling and granted Stradcom's claim for refund, absent any valid assessment justifying the collection of the taxes deemed illegally collected.

The Supreme Court ruled that the CTA EB did not err in ordering the CIR to refund Stradcom the amount of PhP325,381,412.81. The 1997 National Internal Revenue Code (Tax Code) requires "delinquency" of unpaid taxes before the CIR may collect through the remedies provided by the Tax Code. The Tax Code provides two (2) types of remedies to enforce the collection of unpaid taxes: (a) summary administrative remedies, such as the distraint and/or levy of a taxpayer's property; and (b) judicial remedies, such as the filing of a criminal or civil action against the erring taxpayer. It was pointed out that before the CIR can avail of the summary administrative collection remedies, it must first be established that the taxes sought to be collected have become delinquent.

Given the loss declared by the taxpayer in its Annual Income Tax Return (AITR), there was plainly no tax payable. As such, there exists no basis for classifying any unpaid amount as a self-assessed tax delinquency. A self-assessed delinquency presupposes that the taxpayer has acknowledged a tax obligation in its return and failed to pay it within the prescribed period. Here, Stradcom's AITR

reflects no such liability – only a net loss amounting to PhP157,200,588.60. Without a taxpayer-admitted obligation, there is simply nothing to pay. When the return reports no tax liability, as in the case of Stradcom, the self-assessment principle recognized in jurisprudence does not give rise to an enforceable obligation.

Despite this, the CIR appears to have anchored the collection effort solely on the "Provision for Income Tax – Current" reflected in Stradcom's audited financial statements (AFS) to establish its alleged deficiency income tax liability for TY 2011. The Supreme Court ruled that this reliance demonstrates that the tax in question was not a self-assessed tax. Rather, the BIR conducted an independent examination of Stradcom's AFS, which was beyond the scope of its AITR.

Jurisprudence states that when a taxpayer correctly declares and pays the taxes, no further assessment is necessary. However, the inverse is also true — if the tax payment is incorrect or disputed, as in this case, an assessment must be made before collection can proceed. An assessment remains necessary where the taxpayer has not admitted any tax liability, or where the BIR seeks to collect amounts not reflected in the taxpayer's return. If the taxpayer's return does not indicate any tax due, or if the BIR disputes the accuracy of the return, as it does in this case, then a valid assessment is a legal prerequisite to collection effort through summary administrative remedies. The BIR cannot rely on the doctrine of self-assessment to justify the resort to summary administrative remedies under Section 205 of the Tax Code. The doctrine presumes a voluntarily declared and unpaid tax obligation, which is clearly absent in this instance.

COURT OF TAX APPEALS DECISIONS

1. ***Myserv International Inc. as represented by Ms. Cecilia O. Toledo V. Cesar R. Dulay, Commissioner of Internal Revenue, and Deogracias T. Villar, Jr., Regional Director of Revenue District Office 43-B, CTA Case No. 10796, 16 July 2025***

On 27 December 2012, respondent CIR, through OIC-Regional Director (RD) Jonas DP. Amora (Amora), issued a Preliminary Assessment Notice (PAN), which petitioner Myserv International Inc. received on 08 January 2013. On 09 January 2013, petitioner filed its reply to the PAN, which respondent CIR received on 16 January 2013. Subsequently, on 17 January 2013, petitioner also received the Formal Letter of Demand/Final Assessment Notice (FLD/FAN) dated 15 January 2013. In response to the FLD/FAN, petitioner filed its protest with annexes on 18 January 2013, requesting for reinvestigation. Additional documents in support of petitioner's protest were submitted on 13 June 2013. However, RD Romulo Aguila Jr., in a Letter dated 10 January 2020, informed petitioner that its request for reinvestigation was being denied on the ground that the protest allegedly failed to state the facts and/or law on which petitioner's request for reinvestigation was based.

Subsequently, respondent CIR issued a Warrant of Distraint and/or Levy (WDL) on 18 June 2020. In response thereto, petitioner filed an administrative appeal before respondent CIR on 20 July 2020 invoking, among others, that its protest was not a pro-forma protest; and that RD Aguila's Letter did not constitute the final decision appealable before respondent CIR. The decision of respondent CIR was received by petitioner on 31 January 2022, which denied petitioner's appeal and holding that RD Aguila's letter constituted the final decision appealable before the respondent CIR or Court of Tax Appeals (Court).

To validly protest against a FLD/FAN, the following must be stated in the said protest: **(i)** the nature of the protest whether reconsideration or reinvestigation, specifying newly discovered or additional evidence he intends to present if it is a request for reinvestigation; **(ii)** date of the assessment notice; and **(iii)** the applicable law, rules and regulations, or jurisprudence on which his protest is based. Failure to comply with these mandatory prerequisites renders the protest void and devoid of legal force and effect.

Measured against the foregoing legal yardstick, the Court ruled that petitioner filed a **valid protest**, as it shows that: **(1)** it was a request for reinvestigation; **(2)** it was a protest against the FLD/FAN dated 15 January 2013 which petitioner received on 17 January 2013; (3) it expressly mentioned Revenue Memorandum Order No. 31-09 to argue that its casualty losses were duly accounted for in accordance with the prevailing rules and regulations; **(4)** it included reconciliation schedules to address the discrepancies noted in the FLD/FAN; **(5)** it contained an itemized statement of findings

with which petitioner takes exception and squarely contests; and **(6)** it was timely filed on 18 January 2013, within the 30-day reglementary period from petitioner's receipt of the FLD/FAN on 17 January 2013.

The Court further ruled that the tax assessments were issued in violation of petitioner's right to administrative due process, rendering the same null and void. The Bureau of Internal Revenue (BIR) is bound to observe two (2) distinct procedural safeguards before issuing an FLD/FAN. First, if the taxpayer does not respond to the PAN, the BlR must wait fifteen (15) days from the taxpayer's receipt of the notice before issuing an FLD/FAN to give the taxpayer time to draft a reply. Second, if the taxpayer does respond within the 15-day period, disputing the deficiency assessment, the BlR must issue the FLD/FAN within fifteen (15) days from the date of submission. Succinctly, one of the cardinal primary rights, which must be respected during administrative proceedings, is the party's right for its evidence to be considered by the administrative tribunal. Thus, the BlR is duty-bound to consider first the taxpayer's response before issuing the FLD/FAN.

Here, respondent CIR, through his or her authorized representative, transgressed petitioner's right to due process when the FLD/FAN was prematurely issued on 15 January 2013. In contravention of the first procedural safeguard enshrined under Revenue Regulations (RR) No. 12-99, as amended, the FLD/FAN should not have been issued earlier than 23 January 2013 - reckoned as the fifteenth (15^{th}) day following petitioner's receipt of the PAN. Clearly, RR No. 12-99, as amended, further mandates that respondent CIR, or his or her duly authorized representative, must first consider the taxpayer's reply to the PAN (which was filed within the 15-day period) prior to the issuance of the FLD/FAN. Yet, the record is bare of any indication that such reply was received and reviewed before the FLD/FAN was issued. Quite the contrary, the FLD/FAN had already been issued even before respondent CIR's authorized representative actually received petitioner's reply to the PAN.

2. Commissioner of Internal Revenue v. Will Team PH, Inc., CTA Case EB No. 2884,16 July 2025

The right of a taxpayer to respond to a Preliminary Assessment Notice (PAN) carries with it the correlative duty on the part of the BIR to "give due consideration to the taxpayer's evidence and explanation." Otherwise, the right to be heard becomes an empty formality, devoid of substance. The issuance of the Final Assessment Notice/Formal Letter of Demand (FAN/FLD) without a fair evaluation of the taxpayer's reply constitutes a blatant disregard of the cardinal requirements of due process.

Petitioner Commissioner of Internal Revenue assessed respondent Will Team PH, Inc. for deficiency taxes for taxable year 2016. Petitioner contended that he was not obliged to give credence to respondent's arguments raised in its letter-reply to the PAN since the arguments were unmeritorious and unsupported by new evidence. According to petitioner, the revenue officers examined the respondent's books of accounts, accounting records, and its reply to the PAN. However, said revenue officers found that respondent failed to present credible evidence to refute the assessments. Thus, the assessments indicated in the PAN were reiterated in the FAN/FLD.

Further, petitioner alleged that respondent was given every opportunity to refute the assessments. Petitioner emphasized that the essence of due process is simply the opportunity to be heard, or as applied to administrative proceedings, the opportunity to explain one's side, or to seek reconsideration of the action or ruling complained of. Petitioner asserted that respondent was apprised of and was able to avail of the remedies provided by law to refute the tax assessment when it filed its reply to the PAN and its protest to the FAN/FLD. Hence, the requirement for due process was satisfied.

Respondents, on the other hand, submitted that petitioner's arguments were mere reiterations of those earlier raised in the pleadings before the Court in Division, which have been exhaustively discussed and resolved in the previous proceedings. Nonetheless, respondents countered that the law requires the taxpayer to be informed in writing of the law and the facts on which the assessment is made, otherwise, the assessment is void. Respondent cited the case of *Commissioner of Internal Revenue v. Avon Products Manufacturing Inc.*, where the Supreme Court ruled that a taxpayer subject to assessment must be fully apprised of the factual and legal bases of such assessment. While the Supreme Court recognizes that the taxing authorities are not bound to accept the

taxpayer's explanations, due process, however, requires that when they reject the explanation, they must present the reason for doing so.

Respondent averred that it filed a letter-reply to the PAN and made counterarguments or refutations against the findings of the BIR on the alleged deficiency taxes; yet petitioner failed to acknowledge and consider the reply to the PAN since there were no explanations offered in the FAN/FLD as to why the assessed amounts were retained. Thus, petitioner clearly failed to observe the due process requirement in issuing the subject FAN/FLD and the corresponding deficiency tax assessment is void.

The Court *En Banc* ruled that there is no compelling reason to deviate from the findings of the Court in Division, which correctly ruled that the subject tax assessments are void for violating respondent's right to administrative due process. Sec. 228 of the 1997 National Internal Revenue Code provides that the taxpayers shall be informed in writing of the law and the facts on which the assessment is made; otherwise, the assessment shall be void. While it is true that the Commissioner is not obliged to accept the taxpayer's explanations; however, when he or she rejects these explanations, he or she must give some reason for doing so. He or she must give the particular facts upon when his or her conclusion is based, and those facts must appear in the record. The Commissioner's total disregard of due process rendered the identical PAN, FAN/FLD, and the collection letter null and void, and of no force and effect. The Court reiterated that due process is not a mere formality — it demands that the taxpayer is afforded a real and meaningful opportunity to be heard. The right to be heard, which includes the right to present evidence, is meaningless if the Commissioner can simply ignore the evidence without reason.

3. Pilipinas Shell Petroleum Corporation v. Commissioner of Internal Revenue, CTA Case No. 10891, 17 July 2025

To be entitled for refund or issuance of a tax credit certificate, it must also be shown that: (1) the entity to which the petitioner sold the petroleum products is an entity exempt by law from indirect and direct taxes; and (2) petitioner, as the statutory taxpayer, paid the claimed excise taxes on the same petroleum products to the exempt entity.

Petitioner filed two (2) separate administrative claims for refund of a tax credit certificate. It seeks to recover the alleged excise taxes paid on fuel oil sold to Pioneer Float Glass Manufacturing, Inc. (PFGMI), a tax-exempt Philippine Economic Zone Authority (PEZA)-registered enterprise.

Respondent CIR asserts that petitioner is liable for the payment of excise taxes, as it is engaged in the manufacture and importation of bunker fuel oil, which was sold to an entity exempt from such taxation. Furthermore, respondent claims that Section 135 of the NIRC, as amended, cannot be a source of petitioner's claim for refund, and it cannot be invoked by the sellers, but only by the buyers who are exempt entities.

The Court of Tax Appeals (Court) disagreed with the contention of the respondent. Under Section 135 (c) of the 1997 National Internal Revenue Code, as amended, "Petroleum products sold to the following are exempt from excise tax: (c) Entities which are by law exempt from direct and indirect taxes." The Court ruled that the words "petroleum products" are unqualified. The law did not distinguish whether the petroleum products sold were locally-manufactured or imported, to be exempt from excise tax. Where the law does not distinguish, courts should not distinguish. Thus, the exemption under the said provision may be resorted to regardless of whether the subject fuel oil was locally manufactured or imported, as long as the conditions therein are complied with by the refund-claimant.

In determining whether the payment was illegal or erroneous, the Court cited the case of *Chevron Philippines, Inc. vs. CIR* (G.R. No 210836, 01 September 2015), which ruled that an excise tax paid by the statutory taxpayer on petroleum products sold to any of the entities or agencies named in Section 135 of the NIRC exempt from excise tax is deemed illegal or erroneous. Moreover, the tax exemption under Section 135 must correspondingly benefit the one who actually bears the liability to pay the same (such as the importers/manufacturers of petroleum products sold to international carriers, among others), and not the one who simply bears the economic burden thereof.

Hence, the sale of petroleum products made by petitioner to PFGMI is exempt from excise tax. Consequently, the excise taxes previously paid on the said petroleum products were erroneously or illegally collected and are therefore the proper subject of a claim for refund or credit.

4. Health Products and Services B.V., v. Commissioner of Internal Revenue, CTA Case No. 10968, 28 July 2025

Petitioner, a private company duly organized and existing under the laws of the Netherlands, sold all its 901,000 common shares of stock in Carestream Health Philippines Inc. (CHPI) to Quantum Healthcare Pty Ltd (QHPL) and paid the corresponding Capital Gains Tax (CGT). Thereafter, petitioner filed a letter-request for refund on the basis of its alleged exemption from payment of CGT under the Philippines-Netherlands Tax Treaty. Without waiting for respondent's action on its application for tax refund, petitioner filed the instant Petition. Respondent CIR argues that claims for refund are construed strictly against the taxpayer and in favor of the government.

An "erroneous or illegal tax" is defined as one levied without statutory authority, or upon property not subject to taxation, or by some officer having no authority to levy the tax, or one which in some other similar aspect is illegal. In this regard, in an application for credit or refund of taxes, there must be wrongful payment because what was paid, or part of it, was not legally due.

Erroneously or illegally assessed or collected taxes may be credited or refunded provided that: **(1)** the taxpayer files as administrative claim for refund with respondent within two (2) years from the payment of the tax; **(2)** the filing of a judicial claim for refund is preceded by the filing of an administrative claim for refund; and, **(3)** the filing of a judicial claim for refund is also made within two (2) years from the payment of the tax.

Both the administrative and judicial claims must be filed within the two (2)-year reglementary period. Timeliness in the filing of both claims is mandatory and jurisdictional, and the Court of Tax Appeals (Court) cannot take cognizance of a judicial claim filed either prematurely or out of time.

The Court ruled that both the administrative and judicial claims for refund of petitioner were filed before the lapse of the two (2)-year prescriptive period. Further, the administrative claim was filed before the filing of the judicial claim, albeit less than one (1) month before. Applying the ruling in *Commissioner of Internal Revenue v. Carrier Air Conditioning Philippines, Inc.* and considering that the two (2)-year prescriptive period was about to lapse, petitioner was justified in filing its judicial claim without waiting for respondent's decision on its application for tax refund, to protect its interest.

Further, in *Air Canada vs. Commissioner of Internal Revenue*, the Supreme Court held that a tax treaty, entered into by the Philippines with a foreign country, must be taken into consideration when determining the proper tax rate of a taxable transaction.

The Court found petitioner to be a tax resident of the Netherlands within the meaning of paragraph 1 of Article 4 of the Philippines-Netherlands Tax Treaty. The Court likewise found petitioner to have derived income from the sale of shares of stock in a Philippine corporation, which is property other than those mentioned in paragraphs 1 to 3 of Article 13 of the said treaty. Applying paragraph 4 of Article 13 thereof, such income shall be taxable only in the Netherlands. Consequently, such income is exempt from Philippine income tax, particularly CGT imposed under Section 28(B)(5)(c) of the Tax Code.

5. Mansion Maintenance Co. Inc., v. Commissioner of Internal Revenue, CTA Case No. 10535, 28 July 2025

Respondent CIR assessed petitioner Mansion Maintenance Co. Inc. for deficiency income tax, value-added tax, expanded withholding tax, and documentary stamp tax (DST) for the taxable year 2016. Petitioner filed a Reply to the Preliminary Assessment Notice (PAN) through a Request to Cancel Assessment dated 28 January 2020. Subsequently petitioner filed a Letter dated 23 July 2020 with the subject "Request to Respect Immunity Granted by the Tax Amnesty Law," praying that the Formal Assessment Notice/Formal Letter of Demand (FAN/FLD) be retracted and set aside immediately.

Petitioner argued that the assessment was issued beyond the prescriptive period and the warrant for distraint and/or levy was prematurely issued because there was no valid FAN/FLD issued to petitioner. Consequently, petitioner contended that the Final Decision on Disputed Assessment (FDDA) should be declared void.

On the other hand, respondent posited that the FLD with Details of Discrepancies and Assessment Notice dated 14 July 2020 that was served and received by petitioner on 21 July 2020 is within the period provided by the regulations. Further, a perusal of the Letter dated 23 July 2020 revealed that is it not a valid protest contemplated in Section 228 of the National Internal Revenue Code of 1997 (Tax Code) as well as existing Revenue Regulations.

The Court of Tax Appeals (Court) ruled that petitioner's protest to the FAN/FLD is not a valid protest; thus, the petition is premature and the Court has no jurisdiction to entertain the same. The Court agreed with respondent that petitioner's Letter dated 23 July 2020 cannot be considered a valid protest within the purview of Sec. 228 of the Tax Code. The following provision states that a tax assessment issued by the BIR may be protested administratively, within thirty (30) days from receipt thereof, by filing either a request for reconsideration or request for reinvestigation, in such form and manner as may be prescribed by implementing rules and regulations.

On the basis of the foregoing provisions, the form and manner of the protest to be filed by the concerned taxpayer has been clearly and distinctly defined. The two types of protest, i.e. a request for reconsideration and a request for reinvestigation, can no longer be used interchangeably and their differences so lightly brushed aside.

Notably, petitioner's protest or Letter dated 23 July 2020 failed to state the nature thereof, whether it is a request for reconsideration or reinvestigation; hence, respondent had no way of knowing whether it should monitor the sixty (60)-day period stated in the revenue regulation, and likewise failed to state the date of the Assessment Notice. Correspondingly, petitioner's protest is void, and without force and effect.

Section 228 of the NIRC of 1997 requires that administrative protests against an assessment conform with the requirements under Revenue Regulations (RR) No. 12-99, as amended by RR No. 18-2013; failing which, there is no administrative protest to speak of, and no decision on a disputed assessment to assail. Consequently, the petition which assailed the subject FAN/FLD without validly contesting the same, is premature, and the Court has no jurisdiction to entertain the same.

On the other hand, the validity of the assessment itself, however, is a separate and distinct issue of whether the right of the CIR to collect may be enforced. As petitioner failed to timely file a proper protest, the subject assessment became final, executory and demandable. Consequently, civil remedies for collection are applicable and the subject deficiency assessment is therefore, collectible.

6. MD Davao Agri-Ventures, Inc. v. Commissioner of Internal Revenue, CTA Case No. 10625, 29 July 2025

The case is a Petition for Review praying that the Court of Tax Appeals (Court) reverse and set aside the VAT Refund Notice dated 04 August 2021 issued by the respondent CIR, through Assistant Commissioner Maria Luisa I. Belen, denying in full petitioner's VAT refund application for being contrary to law for its utter lack of merit.

Petitioner argues that it complied with all the requisites of a valid refund and it has submitted all the required documents to support its application for VAT refund, and that the modification of the header of the system generated sales invoice from "charge sales invoice" to "commercial invoice" does not constitute a system enhancement that resulted in the change in the system's release and/or version number; hence, the automatic revocation of petitioner's valid Permit to Use Computerized Accounting System (PTU CAS) has no basis in law.

The Court ruled that Section II(AA) of Revenue Memorandum Order (RMO) No. 29-2002, defines "system enhancement" as any change or modification in the system software or architecture components of a computerized application system that will add value or further improve the system. Relative thereto, Section V(P) of the same RMO states that the taxpayer shall apply for a

new permit to use Computerized Accounting System (CAS) in case of any system enhancement that shall result in a change in the system's release and/or version number. In case a taxpayer is found using an enhanced system without the approval of the BIR, the permit originally issued shall be deemed automatically revoked from the time the enhanced system is adopted.

In this case, petitioner used the same approved version and release number despite the change in the header name of its invoice, as presented in its CAS No Enhancement Narrative Report. Moreover, petitioner was able to show that the change in the header name of its invoice from "Charge Invoice" to "Commercial Invoice" does not constitute a system enhancement that would require a new PTU CAS from the BIR.

However, in denying Petitioner's claim, the Court found that the said commercial invoices, being merely considered as supplementary receipts/invoices, cannot be treated as equivalent to "VAT Sales Invoice" or as proof of zero-rated sales, contrary to the requirement of Revenue Regulations No. 18-2012. It is clear that only Sales Invoices (whether cash or charge) shall be issued and considered as principal evidence for sale of goods and/or properties which shall be the basis of the output tax liability of the seller (whether 12% or 0%). Thus, for the purpose of VAT zero-rating, the commercial invoices issued by petitioner did not suffice since these are mere supplementary documents.

7. ***The City of Taguig and Atty. Marianito D. Miranda in His Official Capacity as the City Treasurer of the City of Taguig v. Union Cement Holdings Corporation, CTA AC No. 313, 29 July 2025***

Presumptive Income Level Assessment Approach (PILAA) may only be used in computing the local business tax if it is in the local tax ordinance and has undergone public hearings and publications, and the taxpayer is unable to provide proof of its gross sales or receipts.

Respondent Union Cement Holdings Corporation (UCHC) filed a certification indicating their gross receipts/sales for the taxable year 2010 relative to its business permit application for the year 2011. Subsequently, UCHC received a Tax Order of Payment of the local business tax for the first quarter of 2011 amounting to PhP400,418.86, which was computed from UCHC's 2009 gross receipts/sales based on PILAA. UCHC argued that petitioners cannot use the company's gross sales/receipts for the year 2009 as basis for assessing their local business tax for 2011, as it presented ample evidence to explain the reduction of its gross sales/receipts for the year 2010. Meanwhile, petitioner argued that they have a right to verify the gross sales/receipts of the taxpayer under the best available evidence.

The Court of Tax Appeals (Court) emphasized that based on Item B(3) of the Bureau of Local Government Finance Memorandum Circular No. 01-2020 dated 02 January 2020, the use of PILAA has two requisites: (1) PILAA is in the local tax ordinance and has undergone public hearings and publications; and (2) PILAA may be used in computing the local business tax ONLY if the taxpayer is unable to provide proof of its gross sales or receipts.

The Court ruled that both requisites are absent in the present case. First, petitioners failed to adduce or present any evidence that PILAA was adopted in the local tax ordinance of Taguig City, nor has it conducted public hearings and publications. Second, UCHC provided proof of its gross sales or receipts for the taxable year 2010. If the local government unit (LGU) believes that the taxpayer underdeclared its gross sales or receipts, the LGU should proceed in the computation of the taxpayers' local business tax based on the declared amount of gross sales or receipts and thereafter, issue a Letter of Authority (LOA) for the examination and audit of the taxpayer's books of accounts and other records. Only when the taxpayer fails to present its books of accounts and other records or if it has no such records, may the LGU use the PILAA in computing or reassessing the local business tax due from the taxpayer.

Petitioners failed to comply with such procedures and imposed arbitrarily an assessment not based on UCHC's declared gross sales or receipts for the immediately preceding calendar year but on respondent's 2009 presumptive income level. Hence, it is an invalid assessment.

8. IBMS Technology Phils. Corporation v. Commissioner of Internal Revenue, CTA Case No. 10606, 30 July 2025

For cases covered by electronic Letter of Authorities (eLOAs), the failure to render a report of investigation/verification within one hundred eighty (180) days, the lapse of the 180-day period, or the failure to revalidate a LOA, does not nullify the LOA.

Respondent CIR assessed petitioner IBMS Technology Phils. Corporation for deficiency Income Tax, Value-Added Tax (VAT), Expanded Withholding Tax (EWT), and Improperly Accumulated Earnings Tax (IAET) for taxable year 2017. In the Petition for Review with the Court of Tax Appeals (Court), petitioner argued the following:

1. The LOA, Notice for Informal Conference (NIC), Preliminary Assessment Notice (PAN), and Formal Assessment Notice (FAN) were not properly served since the recipients were not duly authorized representatives of the corporation;
2. The BIR violated Revenue Memorandum Order (RMO) No. 45-2010, as it failed to issue the required Second Notice, Final Notice, and Subpoena;
3. IBMS was deprived of its constitutional right to speedy disposition of cases when the NIC, PAN, and FAN were issued more than two (2) years from the issuance of the LOA; and
4. The assessment has already prescribed.

The Court ruled that the LOA, NIC, PAN, and FAN were properly served to petitioner through substituted service, which is allowed under Revenue Regulations (RR) No. 12-99, as amended, provided that it is shown that personal service is not practicable. In this case, despite the receipt of said notices by allegedly unauthorized individuals, petitioner's witness admitted that the notices were still received, and no evidence was presented to prove the fact that the recipients were not duly authorized to receive letters or communications on behalf of petitioner.

Further, the absence of the issuance of the First Notice, Second Notice, Final Notice, and Subpoena does not render the assessments against petitioner void, given that RMO No. 45-2010 only applies when the taxpayer fails or refuses to produce documents or records. In this case, petitioner complied with the directive to submit documents upon issuance of the LOA.

Petitioner alleged that the report of investigation of cases covered by eLOAs shall be submitted by the Revenue Officer (RO) within one hundred eighty (180) calendar days only, and that the LOA must have been revalidated. The inordinate delay, in view of the NIC, PAN, and FAN being served more than two (2) years from the issuance of the LOA, deprived petitioner of their right to speedy disposition of cases. The Court ruled in favor of respondent CIR, clarifying that while it is true that under RMO No. 19-2015, there is a prescribed 180-day period for regional cases within which to submit a report of investigation/verification, the failure to submit or the lapse of the 180-day period does not nullify the eLOA. Moreover, the requirement of revalidation of LOAs for failure to complete audit was already withdrawn beginning 01 June 2010 pursuant to RMO No. 44-2010. Thus, the eLOA issued and served on petitioner remains valid.

The Court ordered petitioner to pay the deficiency taxes assessed for taxable year 2017 except for the deficiency VAT for the first to third quarters and deficiency EWT for the months January to November since the CIR's right to assess these particular taxes had already prescribed. The receipt of the FAN on 23 December 2020 was already beyond the three (3) year period prescriptive period under the National Internal Revenue Code.

9. O-Healthcare Solution Phil., Inc. v. Commissioner of Internal Revenue, CTA Case No. 10951, 30 July 2025

The requirement for a Letter of Authority (LOA) does not extend to the reinvestigation process, which is undertaken to reach a decision on the Protest to the Formal Assessment Notice/Formal Letter of Demand (FAN/FLD) by way of a Final Decision on Disputed Assessment (FDDA).

The BIR assessed petitioner for alleged deficiency income tax, value-added tax, expanded withholding tax, and withholding tax on compensation for taxable year 2017.

Petitioner argues that respondent violated its right to due process since the audit and investigation of its books of accounts and other accounting records were conducted without a valid LOA, and that the belated issuance of a second LOA did not cure this defect.

In this case, petitioner received LOA No. eLA201500085154 dated 11 June 2018, issued by Regional Director (RD) Geraldina, and authorizing Revenue Officer (RO) Delos Reyes, under Group Supervisor (GS) Ladrera, to examine petitioner's books of accounts and other accounting records for taxable year 2017. Records reveal that RO Delos Reyes conducted the audit and investigation, which led to the issuance of the Preliminary Assessment Notice (PAN) on 27 November 2020.

When petitioner received the FAN/FLD, petitioner filed a Protest with Request for Reinvestigation. While the reinvestigation was ongoing, petitioner received a Letter of Continuance of Audit/Investigation signed by Revenue District Officer (RDO) Bautista. The letter stated that: (a) RO Delos Reyes had been transferred to another RDO; and (b) in his stead, RO Tumaca, under GS Nuestro, was assigned to continue the audit and investigation of petitioner's internal revenue taxes for taxable year 2017, pursuant to a purported MOA No. RR8A-048-REA-0621-00489, dated 18 June 2021. Simply put, RO Tumaca was only involved in the tax audit after petitioner filed a Protest with Request for Reinvestigation.

The Court ruled that while the law explicitly requires an LOA to be issued to an RO before conducting an audit and recommending an assessment, it does not specifically require an LOA for purposes of recommending an FDDA. Thus, the requirement for a LOA under Sections 6 and 13 of the National Internal Revenue Code, as amended, pertains to the stage where the RO and GS conduct an audit and recommend the issuance of a PAN and FAN/FLD. It does not extend to the reinvestigation process, which is undertaken to reach a decision on the Protest to the FAN/FLD or Assessment Notice by way of an FDDA.

Accordingly, the assessment cannot be invalidated on the ground of RO Tumaca's alleged lack of authority. However, the assessment was still held as invalid due to the unauthorized participation of another officer in the audit.

Here, LOA No. eLA201500085154 dated 11 June 2018 authorized only RO Delos Reyes and GS Ladrera to conduct the audit of petitioner. A separate LOA, No. LOA-048-00000215, authorizing RO Tumaca and GS Nuestro to examine petitioner's books of accounts and other accounting records, was issued only on 19 November 2021 — well after the PAN had been issued. This indicates that it was GS Nuestro, not GS Ladrera, who actually supervised the audit that led to the issuance of the PAN, despite not being named in the LOA.

The Court ruled that an LOA is not a general authority granted to any revenue officer. Rather, it is a special authority granted to a particular revenue officer. Therefore, the participation of unauthorized ROs, even alongside duly authorized ones, constitutes a violation of petitioner's due process rights. There must be a grant of authority in the form of an LOA before any revenue officer can conduct an examination or assessment. The mere continuation of an audit by authorized ROs cannot cure the participation of unauthorized officers. To emphasize, all ROs conducting an audit or investigation of a taxpayer must be duly authorized with an LOA.

Therefore, given the lack of authority of GS Nuestro at the time he participated in the conduct of the audit, the resulting assessment is void and without legal effect.

10. O & S Trading and Construction Supply, Inc., as Represented by Jaime S. Guerrero, Jr. v. Office of the City Treasurer of Las Piñas City, CTA AC No. 303, 01 August 2025

On 01 August 2018, Petitioner received a letter dated 26 July 2018 from respondent, informing it of its tax deficiency amounting to PhP78,095,157.84, representing additional business taxes, including penalties for taxable years 2008 to 2017. Attached to the letter are the Tax Data and Assessment Form, and a detailed computation schedule. On 10 August 2018, petitioner received another letter demanding the payment of such deficiency within five (5) working days from receipt thereof. Thereafter, respondent issued a Letter of Assessment (Final Notice) on 04 September 2018, which was received by petitioner on 06 September 2018. In response, petitioner filed a letter-request dated 03 December 2018 requesting for an extension of the period to settle the tax deficiency until 30 March 2019. No response was received to the letter-request. However, on 06

June 2019, petitioner received the Tax Data and Assessment Form as of 04 June 2019, showing a recomputation of petitioner's total tax deficiency due to adjustments in interest, which now presents an aggregate tax deficiency of PhP80,377,205.30. Petitioner filed its protest contesting the subject assessment on 15 July 2019. Respondent did not act on petitioner's protest; thus, the latter filed an appeal with the Regional Trial Court of Las Piñas City (RTC). The RTC denied petitioner's appeal and the subsequent Motion of Reconsideration and Supplement to the Motion for Reconsideration filed. Hence, petitioner filed a Petition for Review with the Court of Tax Appeals (Courts).

Petitioner argued that it timely filed a protest to the subject assessment. It submitted that since the Tax Data and Assessment Form dated 04 June 2019 was chronologically the latest notice of assessment issued by respondent, it was only logical and proper that the counting of the sixty (60)-day period for filing a protest thereto was reckoned from petitioner's receipt thereof. On the other hand, respondent contended that the official notice of assessment that it issued was the assessment notice dated 26 July 2018, with the attached Tax Data and Assessment Form. The Tax Data and Assessment Form, in itself, is not an official notice of assessment within the purview of Section 195 of the Local Government Code (LGC). It is a mere attachment to the official notice or letter of assessment.

The Court ruled that the validity of a notice of assessment issued by the local treasurer is determined by the contents thereof. A notice of assessment, as contemplated under Section 195 of the LGC, must contain the following information: (1) The nature of the assessed tax, fee, or charge; (2) The amount of deficiency, surcharges, interests and penalties; and (3) The factual and legal bases of the assessment. Scrutiny of the evidence on record reveals that none of the letters sent by respondent to petitioner qualify as a valid notice of assessment per the standards laid down by applicable case law.

Moreover, even assuming that the assessment letter dated 26 July 2018 is a valid notice of assessment, the subject assessment is still void, as the right to assess taxable years 2008 to 2013 has already prescribed. Respondent has failed to establish by clear and convincing evidence the existence of fraud or intent to evade payment of petitioner's business taxes for taxable years 2008 to 2013, to warrant the application of the 10-year prescriptive period. There being no fraud or intent to evade payment of taxes, the ordinary 5-year prescriptive period to assess shall apply.

Finally, respondent also failed to prove to the satisfaction of the Court that it was justified in using the Presumptive Income Level Assessment Approach (PILAA) to determine petitioner's local business tax deficiency. It can be deduced from the City Treasurer's testimony that: **(1)** there is no law or local ordinance which authorized him to use the PILAA in computing petitioner's local business tax deficiency; and **(2)** the amount he used in applying the PILAA was based on an unverified document. As the use of the PILAA, which stands as the very foundation of the subject assessment, is found to be invalid and illegal, such assessment must be struck down for lack of factual and legal basis.

Whether a tax assessment involves national internal revenue taxes or local taxes, the requirements of due process in the exercise by the government of its taxing powers must be strictly observed. This is because of the fundamental legal principle that when balancing the scales between the power of the State to tax and the constitutional rights of a citizen to due process of law and the equal protection of the laws, the scales must tilt in favor of the individual, for a citizen's right is amply protected by the Bill of Rights under the Constitution. Failure of the taxing authority to sufficiently inform the taxpayer of the facts and the law used as bases for the assessment will render the assessment void.

11. E.E. Black Ltd. (Philippines Branch) v. Commissioner of Internal Revenue, CTA Case No. 11074, 07 August 2025

The case is a Petition for Review filed on 23 January 2023, praying that the Court of Tax Appeals (Court) declare null, void, and invalid, then ultimately cancel, the assessment against petitioner for alleged deficiency Income Tax, Value-Added Tax (VAT), Expanded Withholding Tax (EWT), Withholding Tax on Compensation (WTC), Final Withholding Tax (FWT), Documentary Stamp Tax (DST), and Compromise Penalties for taxable year 2018.

Petitioner is a foreign corporation duly organized and existing under the laws of the State of Hawaii, United States of America, and is duly licensed to do business in the Philippines as a branch office.

Respondent issued a Notice of Discrepancy to petitioner, with attached Details of Discrepancies, on 04 November 2021. Respondent then issued a Preliminary Assessment Notice (PAN) on 26 January 2022. Petitioner received this on 21 February 2022 and thereafter filed its reply on 08 March 2022. On 08 March 2022, the day on which petitioner filed its reply to the PAN, respondent issued a Final Assessment Notice (FAN). Petitioner received this on 01 April 2022. Aggrieved, petitioner then assailed the FAN via a protest filed on 29 April 2022, followed by a transmittal letter, filed on 27 June 2022, with attached supporting documents. With no action from respondent on the protest to the FAN, petitioner filed the instant Petition on 23 January 2023. Respondent filed his Answer on 04 April 2023. After a full-blown trial, the Court ordered the parties to file their respective memoranda.

The sole issue brought before the Court is whether petitioner is liable for the assessed deficiency taxes for taxable year 2018.

Petitioner argued that its right to due process was violated since respondent failed to address the former's arguments raised in the reply to the PAN. This, petitioner contends, is sufficient basis to declare the assessment void. Respondent maintains, however, that he complied with the minimum requirements for the issuance of an assessment, meaning it is valid.

The Court ruled in favor of petitioner, citing that Section 228 of the 1999 National Internal Revenue Code requires that an assessed taxpayer be informed of the factual and legal basis for the assessment, on pain of said assessment's nullification. When a taxpayer protests an assessment, the CIR is required to address the arguments raised. Simply ignoring such arguments renders the assessment void, as that would be a violation of the taxpayer's right to due process.

12. Vitarich Corporation v. City Treasurer of Cagayan de Oro City and the Local Government of Cagayan de Oro City, CTA AC No. 292, 07 August 2025

The case is a Petition for Review filed by petitioner Vitarich Corporation praying for the reversal and setting aside of the Decision dated 05 October 2022 (assailed Decision) and Order dated 02 May 2023 (assailed Order), both issued by the Regional Trial Court of Cagayan de Oro City - Branch 38 (RTC), in Civil Case No. 2014-195, entitled *"Vitarich Corporation, Plaintiff, versus City Treasurer of Cagayan de Oro City, Local Government of Cagayan de Oro City, Defendants."* In the said Decision, petitioner's claim for refund of taxes assessed by the Local Treasurer's Office of Cagayan de Oro on real estate lessors, real estate dealers, and real estate developers, in accordance with Section 58(h) of the Cagayan de Oro City Ordinance No. 8847-2003, was dismissed.

Petitioner was the registered owner of five parcels of land in Tablon, Cagayan de Oro City, covered by Transfer Certificates of Title (TCT) No. T-37040, T-37168, T-33284, T-42303, and T-37042. It sold the said properties to Lancer Holdings Corporation under a Deed of Absolute Sale dated 17 February 2014. During the implementation of the Deed of Absolute Sale, respondent City Treasurer demanded the payment of local taxes on "Real Estate Lessors, Real Estate Dealers and Real Estate Developers."

To avoid any delay in transferring title to the buyer, petitioner paid PhP2,792,278.60 through Manager's Check in the name of the City Treasurer dated 07 April 2014. Petitioner filed its claim for refund through its letters dated 01 March 2014 and 28 April 2014. Respondent City Treasurer denied petitioner's request for refund in the letter dated 07 May 2014. On 04 August 2014, petitioner filed its Complaint with the RTC. On 05 October 2022, the RTC issued the assailed Decision which dismissed the Complaint.

The Court of Tax Appeals (Court) ruled on the main issue of whether or not the classification of the City Government of petitioner as Real Estate Lessor, Real Estate Dealer and Real Estate Developer subject to the realtor's tax under City Ordinance No. 8847-23, is valid.

The Court ruled that based on Section 143(h), in relation to Section 151, of the Local Government Code of 1991 (LGC), a city, like respondent Cagayan de Oro City, is empowered to impose

business taxes, inter alia, on real estate lessors, real estate dealers or real estate developers. It is, thus, necessary to determine first whether petitioner should be considered as a real estate lessor, real estate dealer or real estate developer as defined in Section 2 of Revenue Regulations (RR) No. 7-2003. Otherwise, Section 58(h) of Cagayan De Oro City Ordinance No. 8847-2003, which imposes 2% tax on real estate lessors, real estate dealers and real estate developers, shall not apply to petitioner.

Without any evidence presented or offered in the proceedings to show whether petitioner is considered a real estate lessor, real estate dealer or real estate developer, as the said terms are defined by law, the Court could not determine the propriety or validity of the arguments respectively raised by the parties in the case. The Court thus reversed and set aside the assailed Decision dated 05 October 2022 and remanded the case back to the RTC for further proceedings on the merits of the refund claim.

13. Nestlé Philippines, Inc. v. Commissioner of Internal Revenue and the OIC-Assistant Commissioner Large Taxpayers Service, CTA Case No. SCA-0016, 07 August 2025

The case is a Petition for Certiorari, Prohibition, and Mandamus (With Urgent Motion for the Issuance of a Temporary Restraining Order, Writ of Preliminary Injunction, and/or Suspension of Collection of Taxes) seeking to set aside Revenue Memorandum Circular (RMC) No. 112-2023, and a BIR Letter dated 16 November 2023 (BIR Letter), which sought to implement RMC No. 112-2023 against petitioner.

Petitioner is the Philippine manufacturer of MILO, a powdered chocolate malt flavored milk drink which is marketed in 24g, 88g, 120g, 165g, 220g, 300g, 390g, 520g, 600g, 880g, 1kg, and 1.2kg packs registered with the Food and Drug Administration (FDA).

On 17 October 2023, RMC No. 112-2023 was issued by respondent CIR supposedly clarifying the duty of the FDA to determine the classification of beverages pursuant to Section 150-B of the 1997 National Internal Revenue Code (Tax Code), as implemented by Revenue Regulations (RR) No. 20-2018, and reiterating the power and authority of the BIR to determine the taxability of beverage products. In light of this, respondents issued the BIR Letter directing petitioner to pay the sweetened beverage tax (SBT) on certain MILO products.

Discussions between petitioner and respondents then ensued. Petitioner sent a Letter, dated 15 January 2024, requesting in writing that respondents reconsider and set aside the BIR Letter and RMC No. 112-2023. Respondents, however, did not act on petitioner's Letter. Instead, they assigned revenue officers on premises (ROOP) to petitioner's plant to monitor the movements of MILO products.

On 22 January 2024, petitioner filed the instant Petition seeking the nullification of RMC No. 112-2023 and the BIR Letter.

The case was dismissed by the Court of Tax Appeals (Court) for failure to exhaust administrative remedies. While the Court has undoubted jurisdiction to determine the validity of a revenue order, revenue memorandum circular, ruling, or any other issuance made by the CIR under its power to make rulings or opinions in connection with the implementation of the provisions of internal revenue laws, the Court cannot exercise the same in this case for failure of petitioner to exhaust administrative remedies. The Court held that before a petition for certiorari, prohibition, or mandamus can prosper, it must first be established that there was no other plain, speedy, and adequate remedy in the ordinary course of law available to petitioner, which prompted the former to file such petition.

As provided under Section 4 of the Tax Code, the interpretation of tax laws is under the exclusive and original jurisdiction of respondent, subject to review by the Secretary of Finance. Meanwhile, Sections 2 and 3 of Department of Finance (DOF) Department Order No. 007-02 provide the procedure for the review by the Secretary of Finance, stating that "[a] ruling by the Commissioner of Internal Revenue shall be presumed valid until overturned or modified by the Secretary of Finance" and "[a] taxpayer who receives an adverse ruling from the Commissioner of Internal Revenue may, within thirty (30) days from the date of receipt of such ruling, seek its review by the Secretary of Finance". Accordingly, there is a remedy to appeal any adverse interpretations made by the CIR in relation to the Tax Code and its rules and regulations – an appeal to the Secretary of

Finance. Unfortunately, petitioner has admitted that it did not seek prior recourse to the Secretary of Finance to question the validity of RMC No. 112-2023 and the BIR Letter.

In summary, before any case can be filed with the Court in relation to the CIR's power to interpret the Tax Code and its rules and regulations, prior recourse must first be made before the Secretary of Finance. It is only after the Secretary of Finance has been given the chance to rule upon the validity of the CIR's interpretation of the Tax Code and its rules and regulations that an appeal before the Court can be made.

14. CITCO International Support Services Limited-Philippines ROHQ v. Commissioner of Internal Revenue, CTA EB No. 2900, 07 August 2025

The case is a Petition for Review, filed by petitioner on 17 April 2024, assailing the Decision, dated 05 October 2023, and Resolution, dated 07 March 2024, both rendered by the Court of Tax Appeals Special First Division (Court in Division), dismissing petitioner's claim for refund of its Value-Added Tax (VAT) on zero-rated sales for the 3rd and 4th quarters of taxable year 2017, for lack of jurisdiction.

Petitioner CITCO International Support Services Limited-Philippine ROHQ is a VAT-registered taxpayer with a Certificate of Registration issued by Revenue District Office No. 50.

On 30 September 2019, petitioner filed an Application for Tax Credit/Refund and a letter with the BIR VAT Audit Division to request the refund of its excess and unutilized input VAT, attributable to its zero-rated sales for the period from 01 July 2017 to 31 December 2017. The BIR denied this claim through a letter, dated 05 December 2019, which petitioner received on 14 January 2020. Petitioner filed a Petition for Review before the Court in Division on 13 February 2020, to which respondent filed an Answer on 21 September 2020.

After trial, the Court in Division dismissed the Petition for Review for lack of jurisdiction through the Assailed Decision on 05 October 2023.

The issue in this case is whether, under Section 112(c) of the 1997 National Internal Revenue Code (Tax Code), as amended specifically by Republic Act (RA) No. 10963 (TRAIN Law), the CIR's failure to act on a claim for input tax refund is deemed a denial of such claim.

For petitioner, no appeal can be made from the CIR's inaction, so the expiration of the CIR's period to act on a refund claim under Section 112(c) does not toll the period for raising a judicial claim. For respondent and the Court in Division, such an inaction can be the basis for an appeal even under the TRAIN Law, so the expiration of the CIR's period to act on a refund claim under Section 112(c) marks the beginning of the prescriptive period for filing the corresponding Petition for Review.

Significantly, the TRAIN Law removed (i) the phrase "or the failure on the part of the CIR to act on the application within the period prescribed above" as a condition for raising an appeal to the Court; and (ii) the phrase "or after the expiration of the one hundred twenty day-period" as a reckoning point for the 30-day period for filing such an appeal. It instead added a new provision instituting administrative punishment for such failures to act on claims for refund while shortening the 120-day period to 90 days. RA No. 11976 (EOPT Act), meanwhile, reinserted the deleted phrases into the subject provision, while retaining the new 90-day period on the part about administrative punishment.

In dismissing the Petition before it, the Court in Division found that petitioner filed its Petition late. It based this finding on the assumption that, under the TRAIN Law, a taxpayer must file its judicial claim within 30 days from the lapse of the 90-day period for the CIR to act on a VAT refund claim, if the CIR failed to act on the claim within said period.

However, the Court *En Banc* ruled in favor of petitioner and pronounced that without any jurisprudence that directly addresses the issue at hand, the Court *En Banc* must focus first on the TRAIN Law as it was written. It held that the TRAIN Law's explicit removal of the CIR's inaction as either a condition of raising an appeal or the reckoning point of the 30-day prescriptive period cannot be brushed aside. To treat the old option of raising a judicial claim for refund from the CIR's inaction, as still available even after said removal would be to treat the TRAIN Law's

amendments to Section 112(c) as meaningless, effectively nullifying said changes. It would conflict with the explicit deletion of said option from the Tax Code. It would ignore the provision's telling omission of appeals from inaction. It would further distinguish (between cases where the CIR does and does not act on an administrative claim within the 90-day period) when the law does not. It would thus contradict the law itself.

Under the TRAIN Law, a judicial claim could not be raised based on the CIR's inaction. A taxpayer's only option, as far as raising a judicial claim goes, was to await the CIR's decision.

The Court *En Banc* thus ruled that the Court in Division erred when it found that petitioner filed its Petition for Review late. Such finding was based on the idea that a taxpayer could, indeed had to, file a judicial appeal within 30 days from the lapse of the 90-day period. As already discussed, this is incorrect. Petitioner's only choice was to file the Petition within 30 days from receipt of the denial, which is exactly what it did. The Court found that petitioner received the denial of its administrative claim on 14 January 2020. Counting 30 days from said date, petitioner had until 13 February 2020, within which to file a judicial appeal. It filed its Petition for Review on that exact date. It consequently filed its Petition on time, and the Court in Division properly acquired jurisdiction over its case.

15. Team (Philippines) Energy Corporation v. The Municipality of Pagbilao, Quezon, et al., CTA AC No. 331, 11 August 2025

The case is a Petition for Review filed by petitioner Team (Philippines) Energy Corporation seeking to set aside the Order dated 25 June 2024 (assailed Order) issued by the Regional Trial Court (RTC), Branch 58, Lucena City, in Civil Case No. 2024-06, entitled *"Team (Philippines) Energy Corporation v. The Municipality of Pagbilao, Quezon, Hon. Angelica Partes-Tatlonghari, in her Capacity as the Municipal Mayor of the Municipality of Pagbilao, and Corazon H. Encenarez, in her capacity as Municipal Treasurer of the Municipality of Pagbilao,"* stemming from a claim for refund of alleged excess paid local business taxes (LBT) filed by petitioner.

On 15 January 2022, petitioner submitted its Schedule of Gross Receipts - Pagbilao, Quezon for Calendar Year (CY) 2021 (Schedule of 2021 Gross Receipts) to the Office of the Municipal Treasurer. Petitioner declared that its gross receipts allocated to Pagbilao for the year 2021 amounted to PhP3,941,727,005.50. On 17 January 2022, respondent Municipal Treasurer issued a Tax Order of Payment (2022 TOP), computing petitioner's LBT and related fees for the year 2022 in the total amount of PhP23,703,482.00. Petitioner paid the same on a quarterly basis throughout 2022.

On 18 January 2023, petitioner submitted its Schedule of Gross Receipts - Pagbilao, Quezon for CY 2022 (Schedule of 2022 Gross Receipts) to the Office of the Municipal Treasurer. Petitioner declared that its gross receipts allocated to Pagbilao for the year 2022 amounted to PhP5,589,910,168.41. On the same day, respondent Municipal Treasurer issued the Tax Order of Payment (2023 TOP), computing petitioner's LBT and fees for the year 2023 in the total amount of P33,592,581.00. Petitioner paid the same on a quarterly basis throughout 2023.

On 17 January 2024, petitioner filed a written claim for a refund or tax credit with respondent Municipal Treasurer in the total amount of PhP4,766,118.56, representing alleged excess LBT paid for the years 2022 (PhP1,971,013.48) and 2023 (PhP2,795,105.08).

On 19 January 2024, petitioner filed a judicial claim for refund by way of a Complaint with the RTC, Lucena City. Acting on respondents' affirmative defenses, the court a quo rendered the assailed Order on 25 June 2024, declaring that the assessments had become final and executory, as no evidence exists that a written protest was filed by petitioner before the local treasurer within sixty (60) days from receipt of the assessments, as required under Section 195 of the Local Government Code (LGC). Petitioner argued that the 2022 and 2023 TOPs are not the "notices of assessment" contemplated under Section 195 of the LGC because none of these indicated that petitioner was liable for deficiency taxes, surcharges, interests, and penalties for those years. For this reason, petitioner asserts that it is not required to comply with the periods prescribed by Section 195, and that the two (2)-year period provided under Section 196 of the LGC is applicable, which petitioner claims it duly complied with. According to petitioner, its administrative claim with respondent Treasurer and the Complaint with the court a quo were both timely filed within two (2) years from the first LBT payment for which it seeks a refund or credit in this case.

The Court of Tax Appeals (Court) ruled that the key factor in determining whether Section 195 or 196 of the LGC applies hinges on the LGU's basis for the collection of the tax. Section 195 applies in cases where a tax assessment is issued to the taxpayer, thereby presupposing the existence of a valid tax assessment; while Section 196 assumes relevance in instances where no such assessment exists. The court a quo concurred with respondents, ruling that the TOPs, although styled as "Orders of Payment," satisfied the requirements of the law to qualify as assessments.

The Court ruled that a closer examination of the 2022 and 2023 TOPs revealed that they do not meet the requirements for a valid notice of assessment under Section 195 of the LGC. Citing *Yamane v. BA Lepanto Condominium Corporation* (G.R. No. 154993, 25 October 2005), the Court found that the notice of assessment, which stands as the first instance the taxpayer is officially made aware of the pending tax liability, should be sufficiently informative to apprise the taxpayer the legal basis of the tax. Section 195 of the Local Government Code does not go as far as to expressly require that the notice of assessment specifically cites the provision of the ordinance involved but it does require that it state the nature of the tax, fee or charge, the amount of deficiency, surcharges, interests, and penalties.

Applying the foregoing, a review of the 2022 and 2023 TOPs shows that, while they indicate the amount and nature of the taxes and fees assessed, they fail to specify any deficiency amount; applicable surcharges, interest, or penalties due from petitioner; and the factual and legal bases for the assessed amounts. In the absence of a valid notice of assessment issued by respondent Municipal Treasurer and considering petitioner's claim that it erroneously paid the LBT, the appropriate remedy lies under Section 196 of the LGC, which governs claims for refund or tax credit due to erroneous or illegal collection, and which petitioner correctly availed of.

16. Pilipinas Shell Petroleum Corporation v. Commissioner of Internal Revenue, CTA Case No. 10966, 12 August 2025

The case is a Petition for Review dated 30 August 2022, filed by petitioner Pilipinas Shell Petroleum Corporation, seeking the refund or credit of the total amount of PhP83,495,520.00, representing excise taxes paid. The excise taxes pertain to Jet A-1 fuel imported in September and October 2020, and subsequently sold and delivered to tax-exempt international air carriers from October to December 2020.

On 07 April 2021, petitioner filed its Application for Tax Credit/Refund (BIR Form No. 1914) and letter dated 09 March 2021 with the BIR - Excise Large Taxpayers Audit Division II (BIR-ELTADII), applying for refund or credit of excise taxes for the period covering 13 November 2020 to 13 December 2020, in the amount of PhP40,374,392.00. On 16 April 2021, petitioner filed another Application for Tax Credit/Refund (BIR Form No. 1914), and letter dated 10 February 2021 with BIR-ELTADII, applying for refund or credit of excise taxes for the period covering 02 October 2020 to 13 November 2020, in the amount of PhP43,121,128.00. This latter application is for an amount connected to the sale of petroleum products to international air carriers of Philippine or foreign registry for consumption outside the Philippines. The amounts applied for are connected to the sale of petroleum products to international air carriers of Philippine or foreign registry for consumption outside the Philippines.

On 31 August 2022, petitioner filed a Petition for Review with the Court of Tax Appeals (Court) to which respondent lodged his Answer on 18 November 2022.

In partly granting the Petition, the Court found that out of the PhP83,495,520.00 worth of excise taxes being claimed as refund or credit, petitioner successfully proved that it erroneously or illegally paid taxes amounting to PhP82,183,896.00, corresponding to 20,545,974 liters of Jet A-1 fuel directly imported and subsequently sold to international air carriers. Thus, said taxes amounting to PhP82,183,896.00 should be allowed as refund or credit in petitioner's favor, pursuant to Sections 204(C) and 229 of the 1997 National Internal Revenue Code (Tax Code), as amended. An "erroneous or illegal tax" is defined as one levied without statutory authority, or upon property not subject to taxation, or by some officer having no authority to levy the tax, or one which is by some other similar respect illegal. Erroneous or wrongful payment includes excessive payment because they all refer to payment of taxes not legally due.

17. Shirley Tan Festin, doing business under the name and style of CSR Construction and Supply v. Commissioner of Internal Revenue, CTA Case No. 10264, 13 August 2025

The case is a Petition for Review dated 02 March 2020, which aims to nullify the Warrant of Distraint and/or Levy (WDL) dated 28 January 2020 and Warrant of Garnishment (WOG), all issued by the BIR against petitioner Shirley Tan Festin to collect alleged deficiency Income Tax, VAT, EWT, and Miscellaneous Charges (MC) for taxable year 2014.

On 10 October 2016, OIC Regional Director Araceli L. Francisco (RD Francisco) of Revenue Region No. 6 - Manila, issued Letter of Authority (LOA) SN: eLA201100087452, empowering Revenue Officer Jinky Bantang (RO Bantang) and Group Supervisor Benjamin JR Cruz (GS Cruz) to examine petitioner's books of account and other accounting records covering the period 01 January 2014 to 31 December 2014. In connection with this, the BIR issued Several Notices for Presentation of Records addressed to petitioner. After further investigation and administrative proceedings, OIC Regional Director Maridur V. Rosario (RD Rosario) issued a Preliminary Assessment Notice (PAN) on 28 February 2018 and a Formal Letter of Demand/Final Assessment Notice (FLD/FAN) on 22 October 2018. A Final Decision on Disputed Assessment (FDDA) was eventually issued by RD Rosario on 27 June 2019, finding the former liable for deficiency taxes covering taxable year 2014. The FDDA was received by petitioner on 22 August 2019. In response, petitioner filed her Request for Reconsideration on 20 September 2019.

Petitioner, on 20 December 2019, received Revenue District Officer Benjamin V. Cruz, Jr.'s (RDO Cruz, Jr.) Preliminary Collection Letter (PCL) dated 25 November 2019. Subsequently, petitioner received a Final Notice Before Seizure (FNBS) dated 11 December 2019 from RDO Cruz, Jr. on 17 January 2020. In response, petitioner filed a Letter dated 04 February 2020 with respondent CIR on 05 February 2020, seeking to restrain the BIR's collection of internal revenue taxes from her for taxable year 2014. According to petitioner, since her request for reconsideration of RD Rosario's FDDA is still pending before the BIR Appellate Division, the tax assessments for taxable year 2014 has yet to attain finality.

On 31 January 2020, petitioner received RDO Cruz Jr.'s WDL dated 28 January 2020. The BIR also effected garnishment of her bank accounts with the Development Bank of the Philippines, Land bank of the Philippines, Philippine National Bank, and Community Rural Bank of Romblon.

On 02 March 2020, petitioner filed a Petition for Review with Very Urgent Motion to Suspend Collection of Taxes and Prayer for Temporary Restraining Order and/ or Preliminary Mandatory Injunction to Recall the WDL.

Petitioner insists that since she failed to receive the BIR's FLD/FAN, embodying the alleged deficiency tax assessments covering taxable year 2014, she was not informed of the factual and legal bases thereof, as required in Section 228 of the 1997 National Internal Revenue Code (Tax Code), as amended, in violation of her right to due process. Respondent countered that since petitioner failed to file a valid administrative protest on the FLD/FAN, said assessment was not transmuted to a disputed assessment; hence, the case should be dismissed for lack of jurisdiction.

When a BIR notice, such as the FLD/FAN, was served through registered mail, it is ordinarily presumed that the taxpayer, such as petitioner, received the FLD/FAN in the ordinary course of mail. However, petitioner denied receipt thereof. Thus, the BIR is tasked to prove actual receipt of the FLD/FAN by petitioner or her duly authorized representative. The Court of Tax Appeals (Court), citing *Commissioner of Internal Revenue v. GJM Philippines Manufacturing, Inc.* (G.R. No. 202695, 29 February 2016) pronounced that "[t]o prove the fact of mailing, it is essential to present the registry receipt issued by the Bureau of Posts or the Registry return card which would have been signed by the taxpayer or its authorized representative. And if said documents could not be located, the CIR should have, at the very least, submitted to the Court a certification issued by the Bureau of Posts and any other pertinent document executed with its intervention."

Respondent failed to meet the benchmark of proof in the above-cited case. To be precise, RO Margie Ramirez openly acknowledged that the BIR Records contained no proof of service of the mailed FLD/FAN to petitioner. This means that the BIR failed to prove that the FLD/FAN was duly served through registered mail, and actually received by petitioner, thereby yielding two (2) conclusions, namely: (i) petitioner's right to due process, guaranteed under Section 228 of the Tax Code, as amended, was violated; and (ii) no valid final assessment was issued by the BIR on

petitioner. Without a valid final assessment for taxable year 2014, the WDL dated 28 January 2020 and WOG issued and enforced on petitioner to collect internal revenue taxes are likewise null and void.

18. People of the Philippines v. Ronald Punay Robin, CTA Crim. Case No. A-19, 13 August 2025

The case is an appeal to the assailed Decision of the Regional Trial Court - Branch 47, Manila (RTC) which granted the Demurrer to Evidence filed by accused-appellee Ronald Punay Robin (Robin) and acquitted him of the charge of violation of Section 255 of the 1997 National Internal Revenue Code (Tax Code), as amended, while the assailed Resolution denied the plaintiff-appellant's Motion for Reconsideration on the Civil Aspect of the Resolution.

After administrative proceedings and having been informed of the collection proceedings against him, accused-appellee Robin filed with the BIR on 26 December 2019 a Request for Reinvestigation dated 18 December 2019, alleging non-receipt of the Letter of Authority (LOA), Notice of Informal Conference (NIC), Preliminary Assessment Notice (PAN), and Formal Letter of Demand/Formal Assessment Notice (FLD/FAN), in the antecedent administrative proceedings. The BIR denied the same in a letter dated 06 February 2020. Thereafter, the BIR instituted a criminal complaint against accused-appellee Robin for willful failure to pay taxes.

Section 228 of the Tax Code provides that when taxes should be assessed, the CIR or his or her authorized representative must first notify the taxpayer through the issuance of a PAN. The issuance of the PAN is crucial as it presents an opportunity for both the taxpayer and the BIR to settle the case at the earliest possible time, without the need for the issuance of a FAN. Hence, the sending and actual receipt of the PAN is considered "part and parcel of the due process requirement in the issuance of a deficiency tax assessment that the BIR must strictly comply with." Failure to properly serve the PAN so as to ensure receipt thereof by the taxpayer renders the tax assessment void. Similarly, the proper service and receipt of the FLD/FAN enable the taxpayer to protest and prevent the tax assessment from becoming final, executory, and demandable. Consequently, without proper service and receipt, the FLD/FAN cannot attain finality as the taxpayer could not have protested it in the first place. It cannot become final, executory, and demandable as the prescribed periods under Section 228 of the Tax Code would not even begin to run.

To prove that there was valid substituted service, the BIR presented in evidence the certified true copies of the PAN and FLD/FAN showing receipt thereof by a certain Donald Reyes, who indicated his designation as customs representative. However, the records of the case are bereft of evidence tending to prove the authority of Donald Reyes in relation to the taxpayer. A perusal of the evidence reveals that there is nothing to establish the fact that Donald Reyes was accused-appellee Robin's customs representative, clerk, employee, or person having charge of his office. The BIR also failed to establish that personal service was not practicable, or why substituted service was resorted to.

Accussed-appellee Robin was likewise charged of violation of Section 255 of the Tax Code, but for willful failure to pay tax.

The Court ruled that without the element of falsity, fraud, or willful omission, the law and jurisprudence strictly require that the regular assessment process and the three (3)-year statute of limitation under Sections 228 and 203 of the Tax Code be religiously observed. These cannot be bypassed by the mere expedient of filing a criminal case, and for the Court to determine the tax liability despite finding the lack of falsity, fraud, or willful omission, as this would constitute a circumvention of these requirements. In other words, if the Court, in the criminal action for violation of Section 255, acquits the taxpayer on the ground that no falsity, fraud, or willful omission was committed, the joined collection proceeding shall be extinguished by such acquittal because Section 222 no longer applies. The Tax Code expressly mandates that except as provided in Section 222, i.e. except in cases of falsity, fraud, or willful omission, no collection shall be instituted without an assessment made pursuant to Section 228 and within 3 years pursuant to Section 203.

Accordingly, if a tax assessment was not validly made within the 3-year ordinary prescriptive period, collection can no longer be enforced even in a criminal case. The mere filing of a criminal case cannot resurrect the government's right to collect once it has already been barred by provision of law.

19. Aegis Lighting and Grounding Protection Inc. v. Commissioner of Internal Revenue, CTA Case No. 10716, 13 August 2025

The case is a Petition for Review which seeks to cancel and set aside the Final Assessment Notice/Formal Letter of Demand (FAN/FLD) dated 11 December 2020 and the Warrant of Garnishment (WOG) No. AMT-WG-2021-41764 dated 11 November 2021 that respondent CIR issued to petitioner Aegis Lighting and Grounding Protection Inc. for its alleged tax deficiency assessment in the aggregate amount of PhP11,644,511.01 for the taxable year ending 31 December 2011.

On 17 January 2014, respondent issued Letter of Authority (LOA) No. 034-2014-ooooo073/eLA2o11000490438, authorizing Revenue Officer Winchester Aritao (RO Aritao) and Group Supervisor Lani Gamen (GS Gamen). In compliance with the Checklist of Requirements, petitioner submitted the requested documents on 12 February 2024. Later, on 28 October 2020, respondent CIR issued the Preliminary Assessment Notice (PAN) where it was stated that petitioner has deficiency income tax and Value-Added Tax in the total amount of PhP11,568,579.16. On 03 November 2020, Revenue District Officer Caroline M. Takata (RDO Takata) issued a Memorandum of Assignment (MOA) assigning RO Aldwin Alaan (RO Alaan) and GS Eleuteria Sagun (GS Sagun) to: (1) replace the previously assigned RO / GS who resigned/ retired/transferred; and (2) to serve the Preliminary Assessment Notice (PAN) on petitioner. On 11 December 2020, respondent also issued to petitioner the FAN/FLD with Details of Discrepancies, which directed it to pay its deficiency tax liabilities on or before 11 January 2021.

Subsequently, on 01 December 2021, through Feliciano Yao, petitioner received a letter dated 29 November 2021 from Philtrust Bank (Philtrust). The said letter stated that: (1) on 12 November 2021, the BIR served a WOG upon petitioner's deposit account; and (2) its then current deposit balance account has been placed on hold-out status. On 04 January 2022, petitioner filed the instant Petition for Review before the Court of Tax Appeals (Court).

Petitioner claimed that its right to due process was violated when it was assessed with deficiency taxes despite the fact that it never received both the PAN and FAN/FLD from respondent. It only received a copy of the WOG after the same was served upon its bank (Philtrust). Respondent insists that the PAN and FAN/FLD were properly served on petitioner through registered mail. It was further argued that RO Alaan resorted to service by mail because the guard on duty claimed that petitioner was not holding office at its registered business address.

The Court pronounced that once a taxpayer denies receipt of the BIR's notices, the burden of proof rests upon the latter to prove that they have been actually received. The BIR's own regulations, particularly Section 3.1.6 of Revenue Regulations (RR) No. 12-99, as amended by RR Nos. 18-2013 and 7-2018, provide for the due process requirement in the issuance of a deficiency tax assessment, and that service by mail is resorted to only when personal service is not practicable. The requirement of informing the taxpayer of the assessment is mandatory in nature as provided in Section 228 of the 1997 National Internal Revenue Code.

Aside from RO Alaan's bare allegation, it appears that respondent has failed to prove that petitioner cannot be located at its registered address. Accordingly, respondent's service by mail is not justified.

20. Air Drilling Associates Pte Ltd. v. Commissioner of Internal Revenue, CTA Case No. 10752, 13 August 2025

This case is a Petition for Review filed by petitioner Air Drilling Associates Pte Ltd. on 03 February 2022, seeking a judgment ordering the CIR to refund or issue a Tax Credit Certificate (TCC) in the amount of PhP1,805,946.91. The amount represents petitioner's unutilized creditable input Value-Added Tax (VAT) attributable to its zero-rated sales covering the period from 01 July 2019 to 31 December 2019.

Petitioner alleges that, in the course of its business as a contractor providing aerated drilling services, it paid the applicable input VAT on its domestic purchases of goods and services, importation of goods, and services rendered by non-residents. During the third (3rd) and fourth (4th) quarters of taxable year 2019, petitioner rendered aerated drilling services to renewable energy (RE) developers, namely Energy Development Corporation (EDC) and Philippine Geothermal

Production Company (PGPC), where it accumulated unutilized creditable input VAT attributable to its zero-rated sales, amounting to PhP1,805,946.91. Petitioner duly filed its Quarterly VAT Returns for the 3rd and 4th quarters of taxable year 2019 via the Electronic Filing and Payment System (eFPS). Petitioner claims that the aforementioned creditable input VAT was not credited against its output VAT liabilities in the succeeding quarters.

Jurisprudence has laid down specific requisites that a taxpayer-applicant must comply with to successfully obtain a refund or tax credit of unutilized or excess input VAT attributable to zero-rated sales:

1. The refund claim is filed with the BIR within two (2) years after the close of the taxable quarter when the sales were made;
2. In case of full or partial denial of the refund claim, or the failure on the part of the Commissioner to act on the said claim within a period of ninety (90) days, the judicial claim has been filed with the Court, within thirty (30) days from receipt of the decision or after the expiration of said 90 day-period;
3. The taxpayer is a VAT-registered person;
4. The taxpayer is engaged in zero-rated or effectively zero-rated sales;
5. For zero-rated sales under Section 106(A)(2)(a)(l), (2) and (b) and Section 108(B)(l) and (2), the acceptable foreign currency exchange proceeds have been duly accounted for in accordance with the Bangko Sentral ng Pilipinas (BSP) rules and regulations;
6. The input taxes are not transitional;
7. The input taxes are due or paid;
8. The input taxes claimed are attributable to zero-rated or effectively zero-rated sales. However, where there are both zero-rated or effectively zero-rated sales and taxable or exempt sales and the input taxes cannot be directly and entirely attributable to any of these sales, the input taxes shall be proportionately allocated on the basis of sales volume; and
9. The input taxes have not been applied against output taxes during and in the succeeding quarter.

The Court found that petitioner failed to prove that it was engaged in zero-rated or effectively zero-rated sales during the 3rd and 4th quarters of taxable year 2019. The Department of Energy (DOE) issued Department Circular (DC) No. DC2021-12-0042, which amended Section 18(C) of the IRR of Republic Act (RA) No. 9513, to confirm that RE Developers are automatically qualified to avail of the incentives under RA No. 9513 upon securing a DOE Certificate of Registration. It further clarified that a DOE Certificate of Endorsement is required only for importations made by an RE Developer.

It is incumbent upon any supplier of services to RE Developers, such as petitioner, to establish that its customer (PGPC) is duly registered with both the DOE and the Board of Investments (BOI) as an RE Developer. While records reveal that PGPC's DOE Certificate of Registration and Certificate of Endorsement were formally offered and admitted into evidence, no proof of its BOI registration was presented or admitted during trial. In the absence of evidence showing that PGPC was registered with the BOI as an RE Developer, petitioner cannot validly claim entitlement to VAT zero-rating under RA No. 9513.

Further, a scrutiny of EDC projects shows that not all of petitioner's service transactions with EDC qualify for VAT zero-rating under RA No. 9513. Specifically, petitioner failed to prove that all projects were duly registered with the BOI. Petitioner likewise failed to adduce proof of the said geothermal well(s) completion date, if any, nor was any evidence of an extension or amendment to the Contract's term admitted. Clearly, the materiality and relevancy of the said Contract are inadequate to prove petitioner's claim for VAT zero-rating. Accordingly, petitioner's sales to EDC cannot be considered zero-rated. Considering the foregoing, the second condition for VAT zero-rating was not satisfied.

21. San Miguel Corporation v. the Hon. Romeo D. Lumagui, Jr., as Commissioner of Internal Revenue, CTA SCA Case No. 0030, 14 August 2025

Petitioner San Miguel Corporation (SMC) filed a Petition for Review (with Urgent Application for a Temporary Restraining Order and Writ of Preliminary Injunction) praying for the annulment, reversal, or setting aside of the estate tax assessment proceedings, insofar as they relate to or cover SMC and its shares of stock which were included in the estate of the late Ferdinand E. Marcos, Sr.

(Marcos Estate) and the permanent enjoinment of respondent Commissioner of Internal Revenue (CIR) from enforcing the estate tax assessment against SMC.

The 1991 Estate Tax Assessment against the Marcos Estate included shares of stock amounting to PhP8,610,464,000. In a 1997 Supreme Court (SC) case *(Marcos II v. Court of Appeals),* the SC ruled that the subject tax assessments having become final, executory, and enforceable, the same can no longer be contested by means of a disguised protest. Further, in a 2011 case (*Republic v. Sandiganbayan)*, the SC ruled that the SMC shares registered in the name of Eduardo M. Cojuangco, Jr., et al. are their exclusive properties, and accordingly, lifted and set aside the Writs of Sequestration issued by the Presidential Commission on Good Government (PCGG) over these shares ("Cojuangco SMC Shares").

On 05 November 2024, SMC received a Letter from the CIR, which expressed that the CIR "would like to hear SMC's position on these various shares of stock" without specifying the shares of stock being referred to. It was only during the Preliminary Conference that the CIR clarified that the shares purportedly included in the estate tax assessment are the Cojuangco SMC Shares.

SMC filed a Petition for Review with the Court of Tax Appeals (CTA), arguing that the CIR acted without jurisdiction or in excess of jurisdiction and with grave abuse of discretion when, in computing the estate tax, he included in the gross estate properties not owned by the decedent. SMC also assailed the validity of the estate tax assessment, citing exceptions to the doctrine of finality or immutability of judgments.

The CTA held that the 1991 Estate Tax Assessment has become final and executory. With the finality of the *Marcos II* case, the SC's pronouncements regarding the validity of the estate tax assessment have likewise become final, conclusive, and binding. Given this, any remaining issue pertains solely to the validity of the BIR's collection efforts, which is distinct from the validity of the assessment that has been settled by the SC.

With regard to collection, the CTA ruled in favor of SMC, particularly that the CIR cannot collect on the 1991 Estate Tax Assessment through the distraint of the Cojuangco SMC Shares. First, the Cojuangco SMC Shares are not properties of the Marcos Estate, pursuant to the SC's ruling in *Republic v. Sandiganbayan.* This is further bolstered by the fact that SMC's corporate records show that no SMC share has ever been registered under the name of Marcos, Sr.

Second, an assessment notice, despite attaining finality, is not conclusive as to the ownership of the properties included therein. The CTA explained that the 1997 National Internal Revenue Code (Tax Code) does not govern issues of ownership of properties. Thus, what may serve as conclusive evidence in taxation may only be indicative or persuasive in property law. In the same vein, the inclusion of a property in the gross estate under a final and executory estate tax assessment is not conclusive proof of ownership. The finality of the assessment does not transform the presumption of ownership into a legal determination thereof. At most, inclusion of a property in the gross estate may serve as corroborative or presumptive evidence of ownership, but such presumption is disputable. In this case, SMC effectively rebutted the presumption and proved that the shares do not belong to the decedent.

Third, the CIR cannot levy or distraint properties that do not form part of the decedent's estate. The power of the BIR to enforce collection through distraint is limited to those that undisputedly belong to the taxpayer. Moreover, the CIR failed to comply with the procedural requirements for distraint.

Lastly, the CIR's attempt to collect deficiency estate taxes from the Cojuangco SMC Shares constitutes grave abuse of discretion. It was patently erroneous for the CIR to distraint properties not belonging to the delinquent taxpayer, especially given that the CIR is well aware of the factual circumstances as he admitted the same during the Preliminary Conference and in his Memorandum. Thus, despite the finality of the 1991 Estate Tax Assessment, the CTA concluded that the CIR's act of distraining "various shares of stock" of SMC was without legal authority, violative of due process, and constitutes grave abuse of discretion.

22. ESS Manufacturing Company, Inc. v. Commissioner of Internal Revenue, CTA Case No. 10763, 14 August 2025

Petitioner ESS Manufacturing Company, Inc. (ESS) was issued an assessment for deficiency Income Tax, Value-Added Tax (VAT), Expanded Withholding Tax (EWT), and Withholding Tax on Compensation (WTC) for taxable year 2016. The BIR issued Warrants of Garnishment (WOGs) addressed to several banks seeking to collect the deficiency taxes of petitioner based on the issued Final Decision on Disputed Assessment (FDDA). Petitioner thus filed a Petition for Review with the Court of Tax Appeals (Court) to contest the assessments and the corresponding WOGs.

The Court ruled in favor of petitioner, ruling that the FDDA and the WOGs enforcing said FDDA were invalid. Under BIR Revenue Regulations (RR) No. 18-2013, to validly effect substituted service of a BIR notice, by way of constructive service, the following conditions must concur:

1. There is no person found at the taxpayer's registered or known address, or, if the taxpayer is found in the registered or known address, the latter refused to receive such BIR notice;
2. Presence of a barangay official and two disinterested witnesses, personally observing and attesting to said absence or refusal;
3. Such BIR notice must be give to said barangay official; and
4. The fact of taxpayer's absence or refusal to receive BIR notice, must be contained in said BIR notice along with the names, official position, and signatures of the witnesses.

In this case, these requisites were not met. During the testimony of the concerned revenue officer, it was revealed that there was only one witness involved in the service, and that what such witness observed is that the revenue officer left the FDDA with the wrong barangay and wrong barangay official. Further, the Acknowledgment of Receipt exhibits several defects including the fact that there was only one witness, the position of the witness was not specified, and the revenue officer did not indicate the reason for constructive service. Thus, the FDDA is void for being invalidly served upon petitioner, in violation of its right to due process. Accordingly, the WOGs enforcing the FDDA are likewise void. Although the nullity of the FDDA does not equate to the nullity of the Formal Letter of Demand/Final Assessment Notice (FLD/FAN), in this case, since the FLD/FAN is void for failure to contain a categorical demand for payment, the FDDA and the corresponding WOGs are likewise void.

23. People of the Philippines v. Chow Master Corporation, and its responsible officers, Rebecca Ann K. Sy, Jojo Candelario, and Alice Lao Yap, CTA Crim. Case No. O-809, 14 August 2025

The present case before the Court of Tax Appeals (Court) began with an Information filed against Chow Master Corporation (CMC) and its responsible corporate officers, Rebecca Ann K. Sy, Jojo Candelario, and Alice Lao Yap (collectively, "the Accused") for the crime of willful failure, refusal, and neglect to pay its income tax liability for taxable year 2011, in violation of Section 255 of the 1997 National Internal Revenue Code, as amended (Tax Code).

The Court ruled that the prosecution failed to establish the guilt of the Accused beyond reasonable doubt. To sustain a conviction for the offense of willful failure to file return, pay tax, and failure to supply correct and accurate information, the following elements must be satisfied:

1. The corporate taxpayer is required by law to pay the tax;
2. The corporate taxpayer failed to pay the tax at the time required by law or rules and regulations; and
3. The accused, as the employee responsible for the violation, willfully failed to pay such tax at the time required.

In this case, all three (3) elements were not proven. The prosecution failed to prove that the Preliminary Assessment Notice (PAN) and Final Assessment Notice (FAN) were properly served and received by the Accused. The CTA noted that the prosecution's witness, the concerned revenue officer, failed to testify how the relevant BIR notices were served, and there was no evidence that the alleged individuals who received the notices were duly authorized to receive the notices. Moreover, the prosecution only presented an LBC Receipt to prove the service, and the revenue officer admitted that she only referred to their docket's records, as she was not the one who mailed the PAN. In view of the circumstances, the Accused cannot be said to have been required to pay the deficiency taxes and to have failed to pay the same as they were not properly notified.

The prosecution also failed to prove that the accused Sy and Yap are the responsible officers who willfully paid the subject taxes. Aside from the 2010 General Information Sheet (GIS) of CMC, the prosecution did not present any other evidence that would prove Sy and Yap's responsibilities in the corporation when the crime was supposedly committed. There was also no proof that they had knowledge of the crime, or that they actively participated, or had the power to prevent the wrongful act.

Lastly, with regard to the civil aspect of the case, due to the prosecution's failure to show proper service and receipt of the tax assessments, the obligation of the Accused to pay has effectively not yet arisen. Thus, in addition to the acquittal from the criminal case, no civil liability may likewise be imposed on the Accused.

24. Stefanini Philippines Inc. v. Commissioner of Internal Revenue, CTA Case No. 11072, 14 August 2025

Petitioner Stefanini Philippines, Inc. filed an Application for Tax Credit/Refund for excess and unutilized input Value-Added Tax (VAT) for the third quarter of calendar year 2020 in the amount of PhP3,568,357.72. Petitioner received a VAT Refund Notice, partially granting its claim for refund to the extent of PhP1,661,984.96. In view of the partial grant of the administrative claim, petitioner filed a Petition for Review with the Court of Tax Appeals (Court).

The Court partially granted the petition. The Court summarized the requisites that must be complied with by the taxpayer-applicant to successfully obtain a tax refund/credit, based on jurisprudence:

> *As to the timeliness of the filing of the administrative and judicial claims:*
> 1. The refund claim is filed with the BIR within two (2) years after the close of the taxable quarter when the sales were made;
> 2. The judicial claim is filed with the Court within thirty (30) days from receipt of an adverse decision, i.e. partial or full denial of the administrative claim;
>
> *With reference to the taxpayer's registration with the BIR:*
> 3. The taxpayer is a VAT-registered person;
>
> *In relation to the taxpayer's output VAT:*
> 4. The taxpayer is engaged in zero-rated or effectively zero-rated sales;
> 5. For zero-rated sales under the Tax Code, the acceptable foreign currency exchange proceeds have been duly accounted for in accordance with BSP rules and regulations;
>
> *As regards the taxpayer's input VAT being refunded:*
> 6. The input taxes are not transitional input taxes;
> 7. The input taxes are due or paid;
> 8. The input taxes claimed are attributable to zero-rated or effectively zero-rated sales. However, where there are both zero-rated or effectively zero-rated sales and taxable or exempt sales, and the input taxes cannot be directly and entirely attributable to any of these sales, the input taxes shall be proportionately allocated on the basis of sales volume; and
> 9. The input taxes have not been applied against output taxes during and in the succeeding quarters.

In this case, petitioner met the above requisites for a valid tax refund claim, given that the administrative and judicial claims were timely filed, and petitioner is VAT-registered and engaged in zero-rated sales. Petitioner likewise complied with the requisites, specifically in relation to its input VAT. There was no showing that the input VAT was transitional input VAT. The input VAT was due or paid and were adequately substantiated through the presentation of various Official Receipts and Sales Invoices issued by its local suppliers to support its input taxes from domestic purchases of goods and services. The documents were examined by a court-commissioned ICPA to verify compliance with substantiation and invoicing requirements prescribed by the 1997 National Internal Revenue Code, as amended (Tax Code). Further, petitioner computed its total VAT refund claim after taking into account the allocation of input taxes in light of having it both VAT-able and zero-rated sales, in compliance with the eighth requisite. Finally, the input taxes

claimed for refund have not been applied against any output VAT liability. However, due to some disallowances flagged by the ICPA, the amount of refund was adjusted by the Court to PhP1,395,496.72 for unutilized input VAT arising from zero-rated sales for the period 01 July 2020 to 30 September 2020.

25. Commissioner of Internal Revenue v. St. Paul Hospital Cavite, Inc., CTA EB No. 2880 (CTA Case No. 10815), 15 August 2025

The BIR assessed respondent St. Paul Hospital Cavite, Inc. deficiency documentary stamp tax (DST). On appeal, the Court of Tax Appeals, Third Division (Court in Division) granted the respondent's Motion for Summary Judgment and held that the deficiency DST assessment was cancelled. Due to this, the CIR filed a Petition for Review, asserting that the motion was improperly granted.

The Court *En Banc* denied the Petition for Review, emphasizing that the CIR's arguments in said petition are the exact same arguments raised in its Motion for Reconsideration previously resolved by the court. In this case, the respondent moved for summary judgment on the ground that there was no longer a genuine issue as to fact, that based on the judicial affidavit of its witness and the answer of the revenue officer, no Letter of Authority (LOA) was issued to authorize the examination of the respondent's books and the examination was authorized only by a Tax Verification Notice (TVN). The Court in Division correctly granted the motion since the absence of a LOA is already sufficient to conclude the case, rendering all other issues raised by the CIR as irrelevant. The Court *En Banc* also explained that a TVN is not equivalent to a LOA. The examination of a taxpayer may only be done by the CIR and his duly authorized representatives through the issuance of a LOA.

BIR ISSUANCES

Revenue Regulations ("RR")

1. RR No. 18-2025

On 05 August 2025, the BIR issued RR No. 18-2025, amending pertinent provisions of RR No. 25-2003, as amended, and implementing Section 149 of the 1997 National Internal Revenue Code (Tax Code), as further amended under Section 18 of Republic Act (RA) No. 12214, or the Capital Markets Efficiency Promotion Act (CMEPA). The amendment primarily pertains to the removal of pick-ups from the list of tax-exempt automobiles effective 01 July 2025.

All manufacturers, assemblers or importers are required to file an updated manufacturers'/assemblers'/importers' sworn statement on all brands/models of pick-ups as of 30 June 2025. The updated manufacturers'/assemblers'/importers' sworn statement shall be submitted to the CIR, Attention: Chief, Excise Large Taxpayers Regulatory Division (ELTRD) within fifteen (15) working days from the date of effectivity of these regulations. The sworn statement shall likewise be subjected to verification as provided under existing regulations and issuances.

All manufacturers, assemblers or importers are further required to submit a duly notarized list of inventory of on-hand Completely Built-Up (CBU) pick-ups, including Completely Knocked-Down (CKD) and Semi-Knocked Down (SKD) units that are located within the manufacturing/assembly plant, storage facility or warehouse or the customs premises, and those in transit for which import entries have been filed with the Bureau of Customs (BOC) on or before 30 June 2025, indicating therein the brand, model, year, engine number, body and chassis number thereof. The list shall be submitted to the CIR, Attention: Chief, Excise LT Field Operations Division (ELTFOD) within fifteen (15) working days from the date of effectivity of these regulations. Failure to submit the inventory list shall be construed that the concerned manufacturers, assemblers or importers do not have any inventory on hand or in transit of CBUs, CKDs and SKDs as of 30 June 2025.

The imposition of excise tax on pick-ups shall not apply to:

1. Units that are included in the inventory list as of 30 June 2025 duly submitted to the BIR within the prescribed period; and

2. Units in transit for which import entries have been filed with the BOC on or before 30 June 2025 and withdrawn on or after 01 July 2025.

2. RR No. 19-2025

On 05 August 2025, the BIR issued RR No. 19-2025, implementing the rate adjustments for Documentary Stamp Tax (DST) under Sections 174, 176, and 179 of the 1997 National Internal Revenue Code, as amended (Tax Code) and the amendments to the documents and papers not subject to DST under Section 199 of the same Code, under Republic Act No. 12214, or the Capital Markets Efficiency Promotion Act (CMEPA).

The summary of changes is as follows:

DST Rate	Applicability	Covered Transactions
75% of 1% (0.75%)	Transactions made or accomplished on or after 01 July 2025	Original issuance of shares (Section 174 of the Tax Code)
		Bonds, debentures, and certificates of stock or indebtedness issued in foreign countries (Section 176 of the Tax Code)
		Debt instruments (Section 179 of the Tax Code)

In cases where a loan agreement and a promissory note, mortgage, security interest over personal property and other contracts issued to secure such loan are simultaneously issued and executed, only one DST shall be imposed on either loan agreement or promissory note, mortgage, security interest over personal property and other contracts issued to secure such loan, whichever will yield a higher tax.

Where only one instrument was prepared, made, signed or executed to cover a loan agreement, promissory note, pledge, or mortgage, the DST prescribed in Section 195 of the Tax Code (Stamp Tax on Mortgages, Pledges and Deeds of Trust) shall be paid and computed on the full amount of the loan or credit granted. In this regard, the instrument shall be treated as covering only one taxable transaction.

The following transactions were further reiterated as not subject to DST:

1. Sale, exchange, redemption, or other disposition of shares of stock listed and traded through a local or foreign stock exchange;
2. Original issuance, redemption, or other disposition of shares in a mutual fund company; and
3. Issuance of certificate or other evidence of participation in a mutual fund or unit investment trust fund.

3. RR No. 20-2025

On 05 August 2025, the BIR issued RR No. 20-2025, implementing the rate adjustment of stock transaction tax (STT) and the imposition of the STT on the sale or exchange of domestic shares of stocks and other securities listed and traded through a foreign stock exchange under Section 127 of the 1997 National Internal Revenue Code, as amended (Tax Code), and as amended by Republic Act No. 12214, or the Capital Markets Efficiency Promotion Act (CMEPA).

Based on the RR, starting 01 July 2025:

1. There shall be levied, assessed, and collected on every sale, exchange, or other disposition of shares of stock and other securities listed and traded through a local stock exchange, other than sale by a dealer in securities, in lieu of capital gains tax, a tax at the rate of 1/10 of 1% (0.1%) of the Gross selling price or gross value in money of the shares of stock/other securities sold, exchanged or disposed; and

2. There shall be levied, assessed and collected on every sale, exchange, or other disposition of shares of stock and other securities of a domestic corporation listed and traded through a foreign stock exchange, other than sale by a dealer in securities, in lieu of capital gains tax, a tax a tax at the rate of 1/10 of 1% (0.1%) of the Gross selling price or gross value in money of the shares of stock/other securities sold, exchanged or disposed.

Consequently, any gain realized from the sale, exchange, or disposition of listed shares of stocks and other securities by a dealer in securities licensed by the appropriate government regulatory agencies to buy and sell securities, for the individual's own account in the ordinary course of business, shall be considered ordinary income subject to graduated rates for individual and regular corporate income tax for corporation.

The RR also reminded that it is the duty of every stock broker who effected the sale through the local stock exchange, subject to the tax imposed herein, to collect the tax and remit the same to the BIR within five (5) banking days from the date of collection thereof, and to submit on Mondays of each week to the secretary of the stock exchange, of which the stock broker is a member, a true and complete return which shall contain a declaration of all the transactions effected through the taxpayer during the preceding week and of taxes collected by the said taxpayer and turned over to the BIR. Provided, that for return on sales of shares of stock of a domestic corporation listed and traded in foreign stock exchanges, the collection and remittance of the above tax and the compliance of the foregoing reportorial requirements shall be made by the selling shareholder, by himself/herself, or through the stock broker, or authorized representative, on behalf of the selling shareholder. Provided further, that the remittance of the said tax shall be made within a period not exceeding ten (10) banking days from the date of collection thereof.

4. RR No. 21-2025

On 05 August 2025, the BIR issued RR No. 21-2025 to implement the amendments to Sections 22, 24, 25, 27, 28, 32, 34, 38, 39, and 42 of the 1997 National Revenue Code, as amended (Tax Code), introduced by Republic Act (RA) No. 12214, or the Capital Markets Efficiency Promotion Act (CMEPA).

Effective 01 July 2025, the following uniform rates on certain passive income are implemented:

Tax Code Section	Particulars	Income Tax Rate
Citizen, Resident Alien, and Non- Resident Alien Engaged in Trade or Business		
Sections 24(B)(1) and 25(A)(1), in relation to the last paragraph of Section 27(D)(2)	Interest, yield, or any other monetary benefit earned from any currency bank deposit or deposit substitute, trust funds and other similar arrangements, regardless of their nature or tenure, except income of non-residents, whether individuals or corporations, from transactions with depositary banks under the expanded system which shall be exempt from income tax	20%
Sections 24(B)(1) and 25(A)(1)	Prizes (except prizes amounting to P10,000 or less which shall be subject to graduated tax rates under Section 24[A] of the Tax Code)	20%
Sections 24(B)(1) and 25(A)(1)	Other Winnings (except winnings amounting to P10,000 or less from Philippine Charity Sweepstakes and Lotto which shall be exempt)	20%
Sections 24(B)(2) and 25(A)(2)	Cash and/or Property Dividends	10% - except for Non-Resident Alien Engaged in Trade or Business which is subject to income tax rate of 20%
Sections 24(B)(3) and 25(A)(1)	Capital Gains - Sale, exchange or other disposition of shares of stock in a domestic or foreign corporation not traded in a local or foreign stock exchange	15%

	(Note: Shares of a domestic corporation sold or disposed of through a local or foreign stock exchange are subject to stock transaction tax, in lieu of capital gains tax, under Section 127 (A) and (B) of the Tax Code)	
Sections 24(B)(4) and 25(A)(1)	Capital Gains from Sale of Real Property	6% on gains presumed to have been realized from the sale, exchange, or other disposition of real property classified as capital assets
Sections 24(B)(5) and 25(A)(1)	Royalties earned as Passive Income	20%
Sections 24(B)(5) and 25(A)(1)	Royalties on books, as well as other literary works and musical compositions	10%
Section 25(A)(3), in relation to Section	Cinematographic films and similar works by a Non-Resident Cinematographic Film Owner, Lessor or Distributor	25%
Section 27(D)(2)	Any income of non-residents from transactions with depositary banks under the expanded system	Exempt
Non- Resident Alien Not Engaged in Trade or Business		
Section 25(B), in relation to Section 27(D)(2)	Interest, yield, or any other monetary benefit earned from any currency bank deposit or deposit substitute, trust funds and other similar arrangements, regardless of their nature or tenure, except income from transactions with depositary banks under the expanded system which shall be exempt from income tax	25% (or the tax treaty rate)
Section 25(B)	Cash and/or Property Dividends	25% (or the tax treaty rate)
Section 25(B)	Rents, royalties, salaries, wages, premiums, annuities, compensation, remuneration, emoluments, or other fixed or determinable annual or periodic or casual gains, profits, and income	25% (or the tax treaty rate on royalties)
Section 25(B), in relation to Section 24(B)(3)	Capital Gains Sale, exchange or other disposition of shares of stock-not traded in a local or foreign stock exchange (Note: Shares sold or disposed of through a local or foreign stock exchange are subject to stock transaction tax, in lieu of capital gains tax, under Section 127 (A) and (B) of the Tax Code)	15% (or the tax treaty rate)
Section 25(B), in relation to Section 24(B)(4)	Sale of real property	6% on gains presumed to have been realized from the sale, exchange, or other disposition of real property classified as capital assets
Section 27(D)(2)	Any income of non-residents from transactions with depositary banks under the expanded system	Exempt
Domestic and Resident Foreign Corporations		
Sections 27(D)(1) and 28(A)(1)	Interest, yield, or any other monetary benefit earned from any currency bank deposit or deposit substitute, trust funds and other similar	20%

	arrangements, regardless of their nature or tenure	
Sections 27(D)(2) and 28(A)(6)	Income derived by a depositary bank under the expanded foreign currency deposit system from foreign currency transactions with nonresidents, offshore banking units in the Philippines, local commercial banks including branches of foreign banks that may be authorized by the Bangko Sentral ng Pilipinas (BSP) to transact business with foreign currency deposit system units and other depositary banks under the expanded foreign currency deposit system, except net income from such transactions as may specified by the Secretary of Finance, upon recommendation by the Monetary Board to be subject to the regular income tax payable by banks	Exempt from all taxes
Sections 27(D)(2) and 28(A)(6)	Interest income from foreign currency loans granted by such depositary banks under said expanded systems to residents other than shore ban units in the Philippines or other depositary banks under the expanded system	10%
Sections 27(D)(3) and 28(A)(1)	Intercorporate dividends received from a domestic corporation	Exempt
Section 27(D)(4)	Capital Gains - Sale, exchange or other dispositions of shares of stock of a domestic or foreign corporation not traded in a local or foreign stock exchange (Note: shares sold or disposed of through a local or foreign stock exchange are subject to stock transaction tax, in lieu of capital gains tax, under Section 127 (A) and (B) of the Tax Code)	15%
Section 27(D)(5)	Capital Gains Realized from the Sale, Exchange, or Disposition of Land and/or Buildings (for Domestic Corporations)	6% on the gain presumed to have been realized on the sale, exchange, or other disposition of land and/or buildings, classified as capital assets
Sections 27(D)(6) and 28(A)(1)	Royalties earned as Passive Income	20%
Non-Resident Foreign Corporations		
Section 28(B)(1), in relation to Section 28(A)(6)	Interest, yield, or any other monetary benefit earned from any currency bank deposit or deposit substitute, trust funds and other similar arrangements, regardless of their nature or tenure, except income from transactions with depositary banks under the expanded system which shall be exempt from income tax	25% (or the tax treaty rate)
Section 28(B)(5)(b)	Cash and/or Property Dividends received from a domestic corporation	15% subject to the condition that the country of residence of the corporate shareholder allows a credit of 10% tax deemed to have been paid in the Philippines or that the country of residence of the

		corporate shareholder does not impose any tax on the dividends (or the tax treaty rate)
Section 28(B)(1)	Rents, royalties, salaries, premiums (except reinsurance premiums) annuities, compensation, emoluments, or other fixed or determinable annual, periodic or casual gains, profits, and income, and capital gains, except capital gains subject to tax under Sec 28 (A)(1)	25% (or the tax treaty rate on royalties)
Section 28(B)(5)(c)	Capital Gains - Sale, exchange or other dispositions of shares of stock of a domestic corporation not traded in a local or foreign stock exchange (Note: Shares sold or disposed of through a local or foreign stock exchange are subject to stock transaction tax, in lieu of capital gains tax, under Section 127 (A) and (B) of the Tax Code)	15% (or the tax treaty rate)
Section 28(A)(6)(b)	Any income of non-resident corporations from transactions with depositary banks under the expanded system	Exempt

The RR also clarified that if the income is generated in the active pursuit and performance of the corporation's primary purpose, the same is not passive income. Further, the rule of regularity to the contrary notwithstanding, the following shall be considered as being rendered in the course of trade or business in the Philippines and, thus, subject to Value-Added Tax (VAT):

1. Services rendered in the Philippines by non-resident foreign persons; and
2. Digital services delivered by non-resident digital service providers consumed in the Philippines.

As provided in Section 8 of the CMEPA, amending Section 32 of the Tax Code, the following items are included as part of the gross income:

1. Equity-based compensation, such as stock options, restricted stock units, stock appreciation rights, and similar items: Provided, that equity-based compensation shall be included in the gross income at the time of exercise; and
2. Gains realized from the sale or exchange or retirement of bonds, debentures or other certificate of indebtedness including those with a maturity period of more than five (5) years. Thus, if traded through a local or foreign stock exchange, subject to stock transaction tax (STT) under Section 127 of the Tax Code; otherwise, subject to ordinary income tax (graduated rates) for individual and regular corporate income tax for corporation.

Pursuant to Section 8 of the CMEPA, amending Section 32(B)(7) of the Tax Code, there are additional items excluded from gross income, which means that these items are also exempt from income tax:

1. Interest Income and Gains from the Sale, Transfer, or Disposition of Project-Specific Bonds; and
2. Gains from Redemption of Shares or Units of Participation in Mutual Fund and Unit Investment Trust Fund.

As to additional allowable deductions, under Section 6 of the RR, in the case of securities held by a dealer in securities or an entity licensed by the appropriate government regulatory agencies to buy and sell securities either for the entity's own account or for the account of others, said securities will be considered as ordinary assets and if ascertained to be worthless, such instruments will be considered as ordinary losses that are allowed as deduction from the taxable income. Likewise, fifty percent (50%) of the employer's actual contribution made to Personal Equity and Retirement Accounts (PERA) under RA No. 9505 shall be an additional deduction from gross income, subject to compliance with the requirements set forth therein.

Under Section 7 of the RR, aside from a dealer in stock or securities, any entity or financial intermediary duly licensed by the appropriate government regulatory agencies to buy and sell securities either for the entity's own account or for the account of others can likewise claim deduction under Section 34 of the Tax Code for the loss from wash sales of stocks or securities provided that such loss arises out of transactions made in the ordinary course of the business of such dealer, entity, or financial intermediary.

Section 8 of the RR, on the other hand, provides that the limitation of capital losses under Section 39(C) of the Tax Code does not apply to a dealer in securities or other entity or financial intermediary duly licensed by the appropriate government regulatory agencies to trade securities that sells any bond, debenture, note, or certificate or other evidence of indebtedness issued by any corporation (including one issued by a government or political subdivision thereof), with interest coupons or in registered form.

Section 9 of the RR provides that interest income from debt instruments, bank deposits, deposit substitutes, trust funds, and other similar arrangements, such as bonds, notes, or other interest-bearing obligations of residents, corporate or otherwise, regardless of the place of execution of said instruments, including debt instruments or debt securities issued by the government or any of its agencies or instrumentalities, are also considered sourced within the Philippines.

Lastly, Section 10 of the RR provides that any tax exemption and preferential rate on financial instruments issued or transacted prior to 01 July 1, 2025, shall be subject to the prevailing tax rate at the time of its issuance for the remaining maturity of the relevant agreement. The prevailing rate or tax exemption prior to 01 July 2025 shall apply only for the remaining maturity of the relevant agreement if the following conditions are present:

1. The financial instrument was issued or transacted prior to 01 July 2025, as evidenced by the instrument itself or any other relevant agreement either in written or electronic format;
2. The instrument itself or agreement provides for the maturity period of the financial instrument, as agreed upon or stated in the instrument which is beyond 01 July 2025; and
3. There is no change in the maturity date or remaining period of coverage from that of the original document or agreement, and no renewal or issuance of new instrument to replace the old ones, starting 01 July 2025.

5. <u>RR No. 22-2025</u>

On 08 August 2025, the BIR issued RR No. 22-2025, to further amend Section 7(B) of RR No. 17-2011 by revising guidelines on the allowed deduction which the employer may claim from his/its qualified contribution to an employee's Personal Equity and Retirement Account (PERA) under Republic Act (RA) No. 9505, otherwise known as the PERA Act of 2008, and covers qualified employer's actual contribution made to PERA on 01 July 2025 onwards.

The employer can claim the actual amount of its Qualified Employer's Contribution as a deduction from its gross income, but only to the extent of the employer's contribution that would complete the maximum allowable PERA contribution of an employee.

Private employers who make voluntary contributions to their employees' PERA shall be entitled to an additional deduction from their gross income equivalent to fifty percent (50%) of the amount contributed, subject to the following conditions:

1. Private employers must contribute an amount at least equal to the contributions of their employees, subject to the maximum allowable contribution under RR No. 17- 2011, as amended by RR No. 07-2023; and
2. Only private employers that contribute to all of their employees' PERA shall be eligible to the additional allowable deduction.

Revenue Memorandum Circulars ("RMC")

1. RMC No. 74-2025

On 18 July 2025, the BIR released an updated checklist of documentary requirements for registration-related frontline services.

According to the revised guidelines, the following documents are required when registering with the BIR through an authorized representative for the following entities:

One Person Corporation	Corporation
Written Resolution which clearly states: 1. The name of the authorized representative; and 2. The details or purpose of the authorization given.	Secretary Certificate issued and signed by the duly appointed Corporate Secretary *Note: Certificates signed by an Assistant Corporate Secretary will not be accepted.*

Failure to comply with these requirements will result in the non-processing of the taxpayer's registration request by the BIR.

2. RMC No. 75-2025

On 23 July 2025, the BIR issued RMC No. 75-2025 to provide relief to taxpayers in view of the suspension of government work due to the Southwest Monsoon and Typhoons "Crising," "Dante," and "Emong" in various areas in the Philippines.

RMC No. 75-2025 extended the deadline for filing of tax returns and payment of taxes due thereon, as well as the submission of certain documents in Revenue District Offices (RDOs) within Metro Manila, Ilocos Norte, Ilocos Sur, La union, Pangasinan, Abra, Apayao, Benguet, Ifugao, Kalinga, Mt. Province, Cagayan, Nueva Vizcaya, Bataan, Bulacan, Nueva Ecija, Pampanga, Tarlac, Zambales, Marinduque, Oriental Mindoro, Occidental Mindoro, Palawan, Romblon, Albay, Camarines Sur, Catanduanes, Masbate, Sorsogon, Aklan, Antique, Capiz, Iloilo, and Negros Occidental.

RMC No. 75-2025 allowed the filing and submission of the following BIR Forms/Returns until 31 July 2025:

1. Submission of Quarterly Information on OCWs or OFWs Remittances Exempt from DST furnished by the Local Banks & Non-Bank Money Transfer Agents – For the Quarter ending June 30, 2025;
2. Submission of Quarterly Report of Printer for the Quarter ending June 30, 2025;
3. e-Filing/Filing & e-Payment/ Payment of BIR Form 1600 WP (Remittance Return of Percentage Tax on Winnings and Prizes Withheld by Race Track Operators) - eFPS & Non-eFPS Filers – Month of June 2025;
4. Submission of Quarterly Summary List of Sales/Purchases/Importations by VAT Registered Taxpayers - Non-eFPS Filers – For the Quarter ending June 30, 2025;
5. Submission of Sworn Statement of Manufacturer's or Importer's Volume of Sales of each particular Brand of Alcohol Products, Tobacco Products and Sweetened Beverage Products – For the Quarter ending June 30, 2025;
6. e-Filing/Filing & e-Payment/ Payment of BIR Form 2550Q (Quarterly Value-Added Tax Return) - eFPS & Non-eFPS Filers – For the Quarter ending June 30, 2025;
7. e-Filing/Filing & e-Payment/ Payment of BIR Form 2551Q (Quarterly Percentage Tax Return) – For the Quarter ending June 30, 2025; and
8. e-filing & e-Payment of BIR Form 2550DS [Value-Added Tax Return for Non-resident Digital Service Provider] – For the Quarter ending June 30, 2025.

3. RMC No. 76-2025

On 25 July 2025, the BIR issued RMC No. 76-2025 providing relief to taxpayers affected by the Southwest Monsoon and Typhoons "Crising," "Dante," and "Emong" in various areas in the Philippines.

RMC No. 76-2025 provided that the following letters/correspondence may be filed within ten (10) calendar days from the last day of government work suspension as declared by the Office of the President through a Memorandum Circular:

1. Position Paper and Supporting Documents in Response to Notice of Discrepancy;
2. Reply and Supporting Documents in Response to the PAN;
3. Protest Letter in Response to the FAN/FLD;
4. Transmittal Letter and Supporting Documents in relation to Request for Reinvestigation;
5. Request for Reconsideration in Response to the FDDA;
6. Submission of Documents in Response to First Notice, Second and Final Notice and Subpoena Duces Tecum;
7. Request for Reconsideration on the Denial of Claim for Tax Refund and the Processing of the Request for Reconsideration on Denied Claims for Tax Refund;
8. Application for Tax Refund and the processing of the Tax Refund Claims;
9. Issuance and service of Assessment Notices, Warrants of Distraints and/or Levy, as well as Warrants of Garnishment, to enforce collection of deficiency taxes; and
10. Other similar letters and correspondences.

Said extended deadline shall likewise be observed for the submission/filing/processing/issuance/service of the aforementioned documents in case of any future declarations by the Office of the President suspending government work on some areas due to inclement weather conditions.

4. RMC No. 77-2025

On 25 July 2025, the BIR issued RMC No. 77-2025 to expand the coverage of RMC No. 75-2025 dated 23 July 2025, which extends the statutory deadlines for the submission and/or filing of documents and/or returns, as well as the payment of the corresponding taxes. RMC No. 77-2025 is issued to include the new areas affected by Typhoon "Emong" pursuant to the Memorandum Circular (MC) No. 93 dated 24 July 2025 issued by the Office of the President.

In effect, RMC No. 77-2025 allows affected taxpayers, BIR personnel, and authorized agent banks under Revenue District Offices (RDO) No. 15 (Isabela), 16 (Quirino), 22 (Baler), and 64 (Camarines Norte) until 31 July 2025 to comply with statutory deadlines under RMC No. 75-2025. If the extended due dates fall on a holiday or non-working day, the submission and/or filing contemplated herein shall be made on the next working day.

5. RMC No. 78-2025

On 29 July 2025, the BIR issued RMC No. 78-2025, which outlines the guidelines and procedures for the registration, filing of returns, and payment of Value-Added Tax (VAT) by Non-resident Digital Service Providers (NRDSPs) through the VAT on Digital Services (VDS) Portal.

NRDSPs are required to enroll through the VDS Portal. Enrollment may also be facilitated by a resident third-party service provider, whose appointment must be reported to the BIR within thirty (30) days from the date of appointment. The appointment of such a provider does not, however, render the NRDSP a resident foreign corporation doing business in the Philippines.

NRDSPs must file their VAT returns and pay the corresponding VAT due via the VDS Portal on or before the twenty-fifth (25th) day of the month following the close of each taxable quarter. While NRDSPs are not entitled to claim a refund for erroneously paid VAT, they may amend previously filed BIR Forms to reflect any overpayment, which can then be carried over to the succeeding quarter(s).

Failure to file or incorrect filing and payment of the VAT return and corresponding tax due may lead to administrative and criminal penalties, as provided under Section 12 (Suspension or Closure of Online Business Operations) and Section 13 (Penalties) of RR No. 03-2025.

6. RMC No. 79-2025

On 31 July 2025, the BIR issued RMC No. 79-2025 to further extend the deadlines during the transition period provided for Non-resident Digital Service Providers (NRDSPs) to file their Value-Added Tax (VAT) returns and remit the corresponding VAT due.

The deadline for filing of VAT returns and payment of VAT due for the second (2nd) quarter of 2025 by NRDSPs, originally set for 25 July 2025 and previously extended to 31 July 2025 pursuant to RMC No. 75-2025, was further extended to 05 August 2025.