TAX MANAGEMENT ASSOCIATION OF THE PHILIPPINES, INC.

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

Prepared by:
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1. The Subic Bay Freeport Chamber of Commerce, Inc. v. Department of Finance, G.R. No. 266016	February 4, 2025	The exclusion of Domestic Market Enterprises from the entitlement of VAT zero-rating on their local purchase of goods and services directly and exclusively used in the registered project or activity in the CREATE IRR and BIR Issuances is unconstitutional.	**10**
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1. Commissioner of Internal Revenue v. Star Sports Corporation, CTA EB No. 2874 (CTA Case No. 10380)	September 16, 2025	If a taxpayer denies receipt of the PAN or FAN, it is incumbent upon the CIR to prove that it was properly served pursuant to the CIR's own rules and regulations.	**12**
2. Commissioner of Internal Revenue v. Halliburton Worldwide Limited – Philippine Branch, CTA EB No. 3070 (CTA Case No. 10467)	September 16, 2025	An Amended Decision which re-evaluates evidence and consequently modifies the amount of refund awarded is substantial and considered a different decision which warrants the filing of a Motion for Reconsideration or New Trial with the CTA Division before it is elevated to the CTA *En Banc*.	**13**
3. Commissioner of Internal Revenue v. Boast, Inc., CTA EB No. 2812 (CTA Case No. 10484)	September 16, 2025	The prescriptive period for the collection of taxes is validly interrupted by the service of a Warrant of Distraint and/or Levy pursuant to Section 223 of the NIRC. However, Section 223 does	**13**

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		not provide for any resumption of the prescriptive period.	
4. Stefanini Philippines, Inc. v Commissioner of Internal Revenue, CTA Case No. 10595	September 16, 2025	The phrase "*This invoice/receipt shall be valid for five (5) years from the date of the permit to use"* applies to all invoices and receipts including those generated by entities with approved CAS, in accordance with RR No. 10-2015, as amended by RR No. 16-2018.	**15**
5. Commissioner of Internal Revenue v. Opal Portfolio Investments [FISTC-AMC (Asset Management Company)], Inc. Formally Opal Investments (SPV-AMC), Inc., CTA Case EB No. 2868 (CTA Case No. 11187)	September 16, 2025	The statutory right of taxpayers to protest an assessment cannot be defeated by the BIR's internal circulars or procedures.	**15**
6. Lakeside Food & Beverages Corp. v. Commissioner of Internal Revenue, CTA Case No. 10627	September 17, 2025	Failure to prove actual receipt of the PAN renders the assessment null and void for violation of due process.	**16**
7. Rai Rai Ken Foods Corporation v. Commissioner of Internal Revenue, CTA Case No. 10902	September 19, 2025	Denial of a taxpayer's formal offer of evidence merits the granting of the demurrer to evidence filed by the CIR since the taxpayer does not have any evidence in support of its cause The BIR may assess taxes based on best evidence obtainable in case the taxpayer fails to provide the documents it requested.	**17**

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8. Shell Pilipinas Corporation (Formerly: Pilipinas Shell Petroleum Corporation v. Commission of Internal Revenue, CTA Case No. 11429	September 19, 2025	The Rules of Court apply suppletorily to the Rules of the Court of Tax Appeals, as amended. An appeal may be withdrawn as a matter of right at any time before the filing of the appellee's brief, and thereafter, in the discretion of the court.	**18**
9. Misnet Education, Inc. v Commissioner of Internal Revenue, CTA Case No. 10802	September 19, 2025	The Assistant Commissioner of Enforcement and Advocacy Service is clothed with authority to approve the compromise settlement in accordance with Revenue Delegation of Authority Order No. 14-2022.	**18**
10. The City of Manila and Hon. Rizal Y. Del Rosario in his capacity as OIC-City Treasurer v. CTF Hotel and Entertainment, Inc. CTA EB No. 2987 (CTA AC No. 276)	September 19, 2025	An assessment from the OIC City Treasurer of Manila which does not sufficiently inform the taxpayer of the facts and the law on which it is based must be struck down as void for violating the taxpayer's right to due process. The City of Manila does not have a duly enacted ordinance imposing business tax on holding companies.	**19**
11. Commissioner of Internal Revenue v. Kepwealth, Inc. CTA EB No. 3002 (CTA Case No. 10353)	September 23, 2025	In 2017, RR No. 6-2013 eliminated the book value approach in determining the fair market value of shares of stock not listed and traded in the local stock exchange, and mandated the use of the Adjusted Net Asset Method.	**20**
12. Exclusive Cars International Holdings, Inc. v. Commissioner of Internal Revenue, CTA Case No. 11855	September 24, 2025	The taxpayer has thirty (30) days to appeal to the CTA from receipt of the decision on their protest or administrative appeal from the CIR; otherwise, the decision shall become final, executory, and demandable.	**21**

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13. Bangko Sentral ng Pilipinas v. Commissioner of Internal Revenue, CTA Case No. 11147	September 24, 2025	The DST exemption under Section 199(l) pertains to the transaction itself and benefits all parties to the transaction, not just the *Bangko Sentral ng Pilipinas*.	**21**
14. Philam Properties Inc. v. Commissioner of Internal Revenue, CTA Case No. 10921	September 30, 2025	Only Revenue Officers with a Letter of Authority issued by the appropriate official may conduct tax examinations. The absence of such authority constitutes a violation of both statutory and due process requirements, rendering any assessment null and void.	**22**
15. Halliburton Worldwide Limited - Philippine Branch vs. Commissioner of Internal Revenue, CTA Case No. 10708	September 30, 2025	In order to be entitled to a claim for a refund of excess and unutilized input VAT attributable to zero-rated sales, both the sales and the purchases must comply with the invoicing and substantiation requirements to be considered as qualified sales and valid purchases, respectively. For mixed-sale transactions, the seller shall provide a breakdown of the sales to distinguish the taxable, exempt, and zero-rated components thereof. The seller is no longer required to indicate the amount of tax or print the term "exempt" or "zero-rated" on the same invoice.	**23**
16. Ford Group Philippines, Inc. v. Commissioner of Internal Revenue, CTA Case No. 11128	October 1, 2025	An applicant for a claim for tax refund or tax credit of excess and unutilized CWT must prove compliance with the following three requisites: the claim must be filed within two years; the CWT must be supported by BIR Form No. 2307; and the income payments	**24**

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		subjected to CWT were reported as part of gross income in the Annual ITR.	
17. Alphaland Makati Place, Inc. v. Commissioner of Internal Revenue, CTA Case No. 10998	October 2, 2025	All letters of protests, requests for reinvestigation/reconsideration shall only be filed by the taxpayers or their duly authorized representatives with the Office of the concerned Regional Director ("RD"), Assistant Commissioner – Large Taxpayers Service ("ACIR-LTS"), or Assistant Commissioner – Enforcement Service ("ACIR-ES") who signed the PANs, FANs, and FLDs. If the aforesaid procedure is not followed, the letters of protest, requests for reinvestigation/reconsideration and similar correspondences shall be considered void and without force and effect.	**26**
18. Getz Pharma (Phils.), Inc. v. Hon. Commissioner Kim Henares, et al., CTA Case No. 9245	October 7, 2025	The taxpayer is required to respond within 15 days from receipt of the PAN; otherwise, he or she will be considered in default and the FLD and FAN will be issued. Failure to strictly comply with the due process requirements will render the assessment void.	**27**
19. NLEX Corporation (formerly Manila North Tollways Corporation) v. The City of Caloocan and Hon. Analiza E. Mendiola in her capacity as City Treasurer, CTA AC No. 312	October 8, 2025	Under the Caloocan City Revenue Code, the City Treasurer is authorized to assess and collect LBT. Thus, LBT assessments made by the Caloocan Business Permit and Licensing Office are void.	**28**

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20. SCG Marketing Philippines, Inc. v. CIR, CTA Case No. 10779	October 9, 2025	There is a disputable presumption that a letter duly directed and mailed by the CIR is received by the taxpayer in the regular course of mail. The burden is then shifted to the taxpayer to overcome this presumption. Initiatory pleadings must be filed personally or by registered mail. Otherwise, a pleading filed via private courier will be treated as if sent by ordinary mail and in such instance, the date of filing will be reckoned from the date of receipt by the CTA and not the date of the mailing.	**29**
21. Bukidnon II Electric Cooperative, Inc. (BUSECO) v. Commissioner of Internal Revenue, CTA Case No. 11142	October 9, 2025	The BIR is required to consider any reply to the PAN received from the taxpayer. It need not accept the explanation but any rejection must be accompanied by reasons, with the supporting facts and law reflected in the record. The BIR's reiteration of its findings in the FLD/FAN and FDDA is a complete disregard of the taxpayer's defenses, which amounts to a denial of due process rendering the assessment void. Electric cooperatives are exempt from income tax under PD No. 269.	**30**
22. CIR v. Global Business Power Corporation, CTA *En Banc* No. 2965 (CTA Case No. 10500)	October 10, 2025	Failure to submit the documents required under RMO No. 53-98 and RR No. 2-2006 is not fatal to the refund of excess and unutilized CWTs. Proof of actual remittance of the CWTs is also not indispensable.	**30**

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23. CIR v. Novabala JV Corp., CTA EB No. 2952	October 10, 2025	An applicant for a refund of excess CWT must prove that the income upon which the CWTs were withheld were included in its annual income tax return as part of gross income.	**31**
24. Helix Mining and Development Corporation (formerly "Holcim Mining and Development Corporation) v. Commissioner of Internal Revenue, CTA Case No. 10974	October 10, 2025	An FLD/FAN issued without addressing the taxpayers' arguments in its Reply to the PAN will render the FLD/FAN void for being issued in violation of the taxpayer's right to due process.	**32**
25. People of the Philippines v. Ziegfried Loo Tian, CTA EB Crim No. 143	October 10, 2025	BIR Special Prosecutors must attach copies of RMC No. 25-2010 and deputization orders from the OSG to prove that they are duly deputized and authorized by the OSG. Otherwise, the CTA will not acquire jurisdiction over a case. Service of decisions on the DOJ in criminal cases is the proper basis for computing the reglementary period for filing appeals and determining whether a decision has attained finality. The twin-period for filing a Petition for Relief of Judgment under Section 3, Rule 38 of the Rules of Court is jurisdictional and must be strictly complied with. Otherwise, the petition may be dismissed outright. When a doctrine of the Supreme Court is overruled and a different view is	**33**

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		adopted, the new doctrine should be applied prospectively.	
26. TSPI Mutual Benefit Association, Inc. v. Commissioner of Internal Revenue, CTA Case No. 10691	October 14, 2025	The validity of a warrant of distraint and/or levy falls under "other matters arising from the NIRC" within the jurisdiction of the CTA. A mutual benefit association is similar to a "cooperative or association" exempt from percentage tax under Section 123 of the NIRC, as amended. Compromise penalty cannot be imposed or exacted without the consent of the taxpayer.	**35**
27. Commissioner of Internal Revenue v. Halliburton Worldwide Limited-Philippine Branch, CTA EB No. No. 2873	October 14, 2025	Prior to September 1, 2024, initiatory pleadings were required to be filed only by personal filing or through registered mail. Consequently, a Petition for Review filed via accredited courier will be deemed received by the CTA not as of the date of filing but on the actual date of receipt thereof.	**36**
28. Misamis Oriental Rural Electric Service Cooperative, Inc. (MORESCO 1) v. Commissioner of Internal Revenue (CIR), CTA Case No. 10987	October 15, 2025	RA No. 10531 provides that an electric cooperative may: (i) choose to remain as a non-stock, non-profit cooperative ; (ii) convert into and register as a stock cooperative under the Cooperative Development Authority; or (iii) convert into and register as a stock cooperation registered under the SEC. The first option will grant an electric cooperative the benefits under PD No. 269, as amended by RA No. 10531. Electric cooperatives registered with the National Electrification Administration ("NEA") under option 1 are still exempt	**37**

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		from income tax. RA No. 10531, which amended PD No. 269, did not repeal the provision on the exemption from income tax of electric cooperative registered with the NEA.	
29. National Transmission Corporation v. Province of Davao Del Norte and Province of Compostela Valley, CTA AC No. 298	October 15, 2025	To be liable for local franchise tax, the taxpayer must have a secondary or special franchise and must be exercising its rights or privileges under this franchise within the territory of the pertinent local government unit. The situs of taxation is the place where the privilege is exercised.	**38**
BUREAU OF INTERNAL REVENUE ("BIR") ISSUANCES HIGHLIGHTS			
1. Revenue Regulations No. 024-2025	September 25, 2025	Imposition of one-half percent (1/2 %) CWT on gross payment by top withholding agents to the manufacturers and direct importers of the following goods intended for wholesale: (a) motor vehicles in Completely Built Units (CBUs) or Semi-Knockdown (SKD) units, motor vehicle parts and accessories; (b) pharmaceutical products; and (c) solid or liquid fuels and related products.	**39**
2. Revenue Memorandum Order No. 041-2025	September 25, 2025	Amendment of Section V of RMO No. 33-2024, *i.e.*, "*The date of the destruction shall be scheduled on a regular working day and within business hours, or any day as may be determined efficient to conduct destruction.*"	**39**
3. Revenue Memorandum Circular No. 088-2025	October 2, 2025	Extension of deadlines until October 31, 2025 for filing of tax returns, payment of taxes, and submissions of documents	**40**

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		falling due within the month of October 2025 for the RDOs in Cebu affected by the earthquake last September 30, 2025.	
4. Revenue Regulations No. 025-2025	October 3, 2025	Temporary suspension of the posting of a bond as required under Section 160 of the NIRC for the importation of petroleum products or production of the same in local refineries, subject to certain conditions.	**40**
5. Revenue Memorandum Circular No. 90-2025	October 7, 2025	Circularizing RA No. 12253, otherwise known as the "Enhanced Fiscal Regime for Large-Scale Metallic Mining Act"	**41**
6. Revenue Memorandum Circular No. 91-2025	October 8, 2025	Clarification on the documentary requirements for Business Registration being signed by the Assistant Corporate Secretary of a Corporation	**41**
7. Revenue Administrative Order No. 5-2025	October 8, 2025	Realignment of jurisdictional areas of RDOs under the Bangsamoro Autonomous Region in Muslim Mindanao	**42**
8. Revenue Memorandum Order No. 42-2025	October 9, 2025	Amended Procedures on the Sale of Loose Documentary Stamps by Revenue Collection Officers and Special Collection Officers.	**42**

DISCUSSION

SUPREME COURT DECISION HIGHLIGHTS

1. The exclusion of Domestic Market Enterprises from the entitlement of VAT zero-rating on their local purchase of goods and services directly and exclusively used in the registered project or activity in the CREATE IRR and BIR Issuances is unconstitutional.

Under Republic Act (RA) No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises Act ("CREATE Act"), registered business enterprises ("RBEs") are entitled to value added tax

("VAT") exemption on importation and VAT zero-rating on local purchases of goods and services directly and exclusively used in the registered project or activity of the RBEs. An RBE may be a domestic market enterprise ("DME") or a registered export enterprise ("REE").

However, the Department of Trade and Industry ("DTI") and the Department of Finance ("DOF") issued the Implementing Rules and Regulations of the CREATE Act ("CREATE IRR") which limited the entitlement to VAT zero-rating on local purchases to REEs only. Thereafter, the Secretary of Finance ("SOF") issued Revenue Regulations **("**RR"**)** No. 21-2021 which excluded DMEs as entities entitled to Zero-Rated Sales of Goods or Properties. The Bureau of Internal Revenue (BIR) also issued Revenue Memorandum Circular ("RMC") No. 24-2022 and RMC No. 49-2022, which stated that the VAT zero-rating incentive applies only to REEs, expressly excluding DMEs.

The Subic Bay Freeport Chamber of Commerce, Inc ("SBFCC"), a DME and registered with the Subic Bay Metropolitan Authority ("SBMA") as a freeport enterprise to conduct business within the Subic Bay Freeport Zone, filed a Petition for Declaratory Relief with Application for Writ of Temporary Restraining Order and/or Preliminary Injunction before the Regional Trial Court ("RTC") alleging that the CREATE IRR, particularly Rule 18, Section 5 thereof, RR No. 21- 2021, RMC No. 24-2022, and RMC No. 49-2022 are unconstitutional because the DTI and the DOF performed a legislative act and the BIR unjustly excluded DMEs from availing of tax incentives which are otherwise provided to them under CREATE.

The RTC dismissed the petition of SBFCC for lack of jurisdiction. Hence, SBFCC filed a Petition for Review on Certiorari before the Supreme Court.

In granting the Petition of SBFCC, the Supreme Court ruled that Rule 18, Section 5 of the CREATE IRR, RR No. 21- 2021, RMC No. 24-2022, and RMC No. 49-2022, in so far as they limit the VAT zero-rating on local purchases of goods and services directly attributable to and exclusively used in the registered project or activity to REEs, to the exclusion of DMEs, are *ultra vires*. These issuances altered the provision of the existing law, the CREATE, by carving out DMEs from those entitled to the VAT zero-rating incentive. The Supreme Court emphasized that the grant and withdrawal of tax exemption is exclusive within the prerogative domain of legislation. Thus, these issuances are void for having been issued in excess of the DOF's and BIR's jurisdiction.

In taking cognizance of the case, the Supreme Court clarified that the Court of Tax Appeals ("CTA") has jurisdiction to rule on the constitutionality or validity of a tax law, tax regulation, or administrative issuance upon the exhaustion of available administrative remedies. Hence, the challenge on the validity of RR No. 21- 2021, RMC No. 24-2022, and RMC No. 49-2022 should have first been elevated to the SOF before going to the courts. Nevertheless, the Supreme Court stated that the shift from zero-rate to the regular 12% VAT rate on local purchases made by DMEs triggers a strong public interest as it indisputably affects all DMEs registered with the SBMA as freeport enterprises. Accordingly, the Supreme Court exempted this case from the rule on

exhaustion of administrative remedies. The Supreme Court further stated that SBFCC have shown their *locus standi* as a domestic corporation registered with the SBMA as a freeport enterprise which will sustain direct injury with the implementation of Rule 18, Section 5 of the CREATE IRR, RR No. 21- 2021, RMC No. 24-2022, and RMC No. 49-2022.

Furthermore, the Supreme Court stated that the amendment of Rule 18, Section 5 of the IRR and the issuance of RR No. 13-2023 prescribing guidelines to implement optional VAT-registration did not render the issue moot as these merely allowed DMEs to register as VAT taxpayers but did not address their exclusion from being subject to VAT zero-rating on their local purchases of goods and services directly attributable to and exclusively used in the registered project or activity.

(*The Subic Bay Freeport Chamber of Commerce, Inc. v. Department of Finance, G.R. No. 266016, February 4, 2025)*

CTA DECISION HIGLIGHTS

1. If a taxpayer denies receipt of the PAN or FAN, it is incumbent upon the CIR to prove that it was properly served pursuant to the CIR's own rules and regulations.

The CIR filed a *Motion for Reconsideration* (the "*Motion*") seeking for the reversal of the CTA *En Banc*'s decision and the issuance of an order for Respondent Star Sports Corporation ("SSC") to pay its alleged deficiency taxes. In the *Motion*, the CIR argued that since SSC was aware that it was under investigation and even admitted receipt of the Letter of Authority and *subpoena duces tecum*, then it cannot deny receipt of the PAN and FAN. SSC countered that the CIR's *Motion* was a mere reiteration of his pleadings, as all arguments raised therein were already extensively discussed and repeatedly rejected. Further, SSC argued that the CIR has the burden of proving that the PAN and FAN were issued.

The CTA *En Banc* ruled in favor of SSC. With respect to the *Motion,* the CTA *En Banc* agreed that it was a mere rehash of the CIR's pleadings. It held that while a *Motion* may dwell on the same arguments already previously resolved by the court, it is still incumbent upon the movant to raise matters substantially plausible or compellingly persuasive to warrant the desired course of action, which the CIR failed to do. Moreover, the CIR failed to comply with Rule 37, Section 2 of the Rules of Court, *i.e.*, the requirement that it must specifically point out the findings or conclusions of the Court which are unsupported by evidence or contrary to law.

With regard to the PAN and FAN, the CTA *En Banc* ruled that if a taxpayer denies receipt of the PAN or FAN, it is incumbent upon the CIR to prove that it was properly served pursuant to the CIR's own rules and regulations. It is not the burden of the taxpayer to prove non-receipt of the assessment notice. In this case, the CTA *En Banc* found that the CIR merely relied on the assumption that prior receipt of the Letter of Authority and *subpoena duces tecum* implied subsequent receipt by respondent of the PAN and FAN. Citing the prevailing doctrine enunciated in *Commissioner of Internal Revenue v. South Entertainment Gallery, Inc.*, the CTA *En Banc*

reiterated that the CIR cannot rely on the supposed incompetence and lack of personal knowledge of the taxpayer's witness to testify on the alleged non-receipt of the assessment notice.

(Commissioner of Internal Revenue v. Star Sports Corporation, CTA EB No. 2874 (CTA Case No. 10380), September 16, 2025)

2. An Amended Decision which re-evaluates evidence and consequently modifies the amount of refund awarded is substantial and considered a different decision which warrants the filing of a Motion for Reconsideration or New Trial with the CTA Division before it is elevated to the CTA *En Banc*.

This case involves a Petition for Review before the CTA Division for the refund of excess and unutilized input VAT for TY 2018. The CTA Division rendered a Decision on July 26, 2024, partially granting the Petition. The taxpayer filed a Motion for Partial Reconsideration which the CTA Division partially granted through an Amended Decision on January 8, 2025. The Amended Decision involved a re-evaluation of evidence and a resultant increase in the amount of refund granted. The Amended Decision thus substantially modified the earlier Decision.

The CIR then filed before the CTA *En Banc* a Petition for Review assailing the Amended Decision of the CTA Division.

Under Rule 8, Section 1 of the Revised Rules of the Court of Tax Appeals ("RRCTA"), a Petition for Review before the CTA *En Banc* that assails a ruling of the CTA Division but is not preceded by a Motion for Reconsideration or New Trial must consequently be dismissed. The CTA *En Banc* clarified that this applies to rulings rendered via Amended Decisions when the amendments to a prior ruling are substantial. An Amended Decision which re-evaluates evidence and consequently modifies the amount of refund awarded is substantial and considered a different decision which warrants the filing of a Motion for Reconsideration or New Trial with the CTA Division before it is elevated to the CTA *En Banc*.

The CTA *En Banc* ruled that the Amended Decision should have been assailed first via a Motion for Reconsideration. Thus, the Amended Decision has attained finality and the CTA *En Banc* has no jurisdiction over the Petition for Review.

(Commissioner of Internal Revenue v. Halliburton Worldwide Limited – Philippine Branch, CTA EB No. 3070 (CTA Case No. 10467), September 16, 2025)

3. The prescriptive period for the collection of taxes is validly interrupted by the service of a Warrant of Distraint and/or Levy pursuant to Section 223 of the NIRC. However, Section 223 does not provide for any resumption of the prescriptive period.

A Warrant of Distraint and/or Levy ("WDL") was issued and served to S.S. Ventures International, Inc. ("SSVI") to collect the tax deficiencies on May 26, 2011 and notices of tax lien and levy

("NOTL") were annotated on the tax declarations of real properties then owned by SSVI on July 21, 2011. These properties were then sold to Boast, Inc. on March 12, 2013 who requested the NOTL to be lifted on the ground that the BIR's right to collect the relevant taxes had already prescribed.

The CIR denied the request so, Boast, Inc. filed a Petition for Review with the CTA, which was granted by the CTA Division. The CIR filed a Motion for Reconsideration but was denied by the CTA Division. Thus, the CIR filed a Petition for Review with the *CTA En Banc* claiming that the CTA Division erred in ruling that the CIR's right to collect taxes against Boast, Inc. had prescribed.

Preliminary, the CTA *En Banc* ruled that Boast, Inc., as the buyer of the real properties, as admitted by the CIR, is a party-in-interest and has a clear clause of action for the filing of the Petition for Review with the CTA. The CTA *En Banc* further ruled that the controversy in this case can be considered a disputed collection and the denial of the request to lift the NOTL is the appealable decision which falls under the CTA's "other matters" jurisdiction.

On the issue of prescription, the CIR argued, among others, that his right to collect SSVI's deficiency taxes, and thus levy the subject real properties did not prescribe. *First*, the issuance and service of the WDL validly interrupted the prescriptive period. *Second*, the NIRC provides no prescriptive period for the collection of taxes.

On the other hand, the Boast, Inc. claimed that the prescriptive period was never interrupted by the WDL, as the annotations to the original tax declarations proved that the BIR was aware of SSVI's properties. Even if a WDL interrupts the prescriptive period, the same resumes when the BIR finally finds property to levy.

The CTA *En Banc* ruled in favor of the CIR and discussed that (i) Boast, Inc. was unable to prove that the BIR knew the location of the properties to be levied and (ii) Boast, Inc. is wrong in asserting that the prescriptive period resumes when the BIR finally finds property to levy as this finds no basis in law.

Under Section 223 of the NIRC, one event that can interrupt the prescriptive period for the collection of taxes is the service of a WDL. While the said provision pairs the service of a WDL with the inability to locate property, it does not state that the prescriptive period resumes once property is located. To be clear, the provision is void of any mention of the resumption of the prescriptive period.

Additionally, the advertisement and sale of levied properties is unnecessary to suspend the prescriptive period. The singling out of the specific step of serving the WDL to the taxpayer or its authorized representative early in the collection process indicates that it does not require that the collection be completed for the prescriptive period to be suspended. The purpose of interrupting the prescriptive period is to give the BIR time to dispose of the attached properties, a process which "might well take time to accomplish."

(Commissioner of Internal Revenue v. Boast, Inc., CTA EB No. 2812 (CTA Case No. 10484), September 16, 2025)

4. The phrase "*This invoice/receipt shall be valid for five (5) years from the date of the permit to use"* applies to all invoices and receipts including those generated by entities with approved CAS.

Petitioner Stefanini Philippines, Inc. sought the partial reconsideration of the CTA's *Amended Decision* promulgated on May 7, 2025 ordering Respondent CIR to refund or issue a tax credit certificate in favor of the petitioner, representing the latter's unutilized input VAT attributable to its zero-rated sales. In its *Motion,* Petitioner argued that the phrase "*This invoice/receipt shall be valid for five (5) years from the date of the permit to use"* does not apply to official receipts generated by the Computerized Accounting System ("CAS"), as CAS permits do not have a fixed term or validity period. Furthermore, Petitioner contended that the RR No. 10-2015, as amended by RR No. 16-2018, which was used by the CTA to support its ruling, may not be applied to CAS-generated receipts.

The CTA denied the *Motion* and held that the issues raised by Petitioner had already been discussed and disposed of in the *Amended Decision* dated May 7, 2025. In the *Amended Decision,* the CTA discussed that Section 6, in relation to Section 5 of RR No. 10-2015, as amended by RR No. 16-2018, explicitly requires that all invoices and receipts including those generated by entities with approved CAS must include the phrase *"This invoice/receipt shall be valid for five (5) years from the date of the permit to use."*

(Stefanini Philippines, Inc. v. Commissioner of Internal Revenue, CTA Case No. 10595, September 16, 2025)

5. The statutory right of taxpayers to protest an assessment cannot be defeated by the BIR's internal circulars or procedures.

This case involves a motion for reconsideration filed by the CIR challenging the CTA's earlier ruling that upheld the taxpayer's protest against a tax assessment and since the taxpayer's protest was validly filed, the assessment did not become final and executory.

The CIR argues that the protest was invalid because it was filed with the Assistant Commissioner of the Large Taxpayers Service ("ACIR-LTS") rather than with the Deputy Commissioner for Operations, as supposedly required under RMC No. 39-2013 and RMC No. 15-2020. On the other hand, the taxpayer argues that it has substantially complied with the requirements of the NIRC and RR No. 18-2013, saying that RMCs are mere internal communications within the offices of the BIR, and to impose them on taxpayers would make compliance with the law and regulation unduly difficult.

The CTA ruled in favor of the taxpayer. The subject RMCs are internal communications addressed to BIR personnel and do not have the character of subordinate legislation binding on taxpayers. In any case, RMC No. 39-2013 itself recognizes that protests may be filed with the ACIR-LTS for recording and inclusion in the CIR's centralized database. Since the FLD/FAN itself bore the header "Large Taxpayers Service," and the ACIR-LTS issued the Letter of Authority and PAN, the taxpayer cannot be faulted for reasonably filing its protest with that office.

The CTA emphasized that the statutory right of taxpayers to protest an assessment under Section 228 of the NIRC and its implementing regulations cannot be curtailed by the gaps and ambiguities in the BIR's internal system. Thus, since the taxpayer's protest was validly filed, the assessment did not become final, executory, and demandable. The issuance of warrants of distraint and levy to collect alleged deficiency taxes while a protest is pending is therefore premature and void.

(Commissioner of Internal Revenue v. Opal Portfolio Investments [FISTC-AMC (Asset Management Company)], Inc. Formally Opal Investments (SPV-AMC), Inc, CTA Case EB No. 2868 (CTA Case No. 11187), September 16, 2025)

6. Failure to prove actual receipt of the PAN voids the assessment for denial of due process.

Petitioner Lakeside Food & Beverages Corp ("Lakeside Corp") filed an appeal on the deficiency income tax and VAT assessments for taxable year 2011 issued by the BIR. Lakeside Corp categorically denied receiving a Preliminary Assessment Notice ("PAN") before it received the Formal Letter of Demand ("FLD")/Final Assessment Notice ("FAN"). On the other hand, the Commissioner of Internal Revenue ("CIR") alleged that the PAN was actually duly issued and served, and insisted that the taxpayer should not be allowed to raise the defense of non-receipt of the PAN for the first time on appeal.

The CTA ruled that once receipt of the assessment notices is specifically denied by the taxpayer, the burden shifts to the CIR to establish actual receipt by presenting competent proof. In this case, the CIR presented none, and his own witness admitted that the BIR records contained no evidence of service. Since the PAN is a substantive, and not just a formal, due process requirement under Section 228 of the National Internal Revenue Code, as amended, ("NIRC") and RR No. 12-99, the absence of proof of service vitiates the entire assessment process and invalidates the subsequent FLD/FAN and Final Decision on Disputed Assessment ("FDDA").

The CTA also reiterated that proceedings before it are tried *de novo,* which allows the CTA to consider due process defects even if these were not raised at the administrative level. Thus, the lack of proof of PAN service remains a valid and fatal ground to annul the assessment despite Lakeside Corp raising the non-receipt of the PAN for the first time on appeal.

(Lakeside Food & Beverages Corp. v. Commissioner of Internal Revenue, CTA Case No. 10627, September 17, 2025)

7. Denial of a Petitioner's formal offer of evidence merits the granting of the demurrer to evidence filed by the CIR since the Petitioner does not have any evidence in support of its cause

The BIR may assess taxes based on best evidence obtainable in case the taxpayer fails to provide the documents it requested.

Petitioner's Formal Offer of Evidence ("FOE") was denied by the CTA for having been belatedly filed. In response thereto, the CIR filed a Demurrer to Evidence, arguing that with the denial of FOE, Petitioner has no sufficient evidence to offer or support its cause of action. Petitioner nevertheless argued that some of the evidence which includes notarized documents and documents issued by the BIR should still be considered by the CTA since they are public records, identified by Petitioner's witness, and sufficient to establish its action to invalidate the BIR's deficiency internal revenue tax assessment.

The CTA held that without a formal offer of evidence, the Petitioner does not have any evidence in support of its cause. On this point alone, the demurrer filed by the CIR should be granted.

In any case, the CTA found that even if the public documents being sought to be considered by the Petitioner be admitted, its petition will still be denied.

The CTA also held that the BIR's FLD/FAN, FDDA, and Decision include the Details of Discrepancy which contained the explanations regarding the deficiency taxes. The Details of Discrepancy relative to the amounts assessed by the BIR would suffice to inform the taxpayer of the factual and legal bases of the formal assessment. Thus, the FLD/FAN, FDDA, and Decision are valid against the Petitioner.

The CTA further found that the BIR's disallowance of Petitioner's costs and expenses is not improper since the Petitioner failed to produce the documents requested by the BIR for its examination of its 2011 internal revenue tax liabilities. Thus, under Section 6(B) of the NIRC and Section 2.3 of RMC No. 23-2000, if the report or records requested from a taxpayer are not forthcoming (*i.e.*, the records are lost or refusal of the taxpayer to submit such records) the BIR may resort to the best evidence obtainable ("BEO") method as bases for finding deficiency income tax assessments. Notably, the CTA held that the supporting evidence submitted by Petitioner to support the loss of records is of doubtful veracity, aside from being hearsay.

Lastly, the CTA found that there is no sufficient evidence to support the allegation that the examination extended beyond 120 days since there is no proof as to the precise dates on when the audit or examination on Petitioner ended. In any case, the CTA stated that under Item IV(8) of RMO No. 44-2010 that the revalidation requirement has been brushed aside as of June 1, 2010. Thus, even if the BIR's audit was concluded beyond 120 days from the service of the LOA, notwithstanding that there was no revalidation of the LOA, its audit will not be rendered void.

(Rai Rai Ken Foods Corporation v. Commissioner of Internal Revenue, CTA Case No. 10902, September 19, 2025)

8. The Rules of Court apply suppletorily to the Rules of the Court of Tax Appeals, as amended.

An appeal may be withdrawn as a matter of right at any time before the filing of the appellee's brief, and thereafter, in the discretion of the court.

The Petitioner in this case filed a *Manifestation with Motion* praying that the CTA order the withdrawal of its *Petition for Review* (the "Petition"). The Petition was filed in relation to the Respondent CIR's inaction on Petitioner's administrative claim for a refund of excise taxes paid on imported oil from March 1, 2022 to November 30, 2022. However, the Petitioner then received a letter from the BIR Large Taxpayer Services recommending the issuance of a Tax Credit Certificate in its favor.

The CTA granted Petitioner's *Motion to Withdraw*, citing the provision in the RRCTA, as amended, on the suppletory application of the Rules of Court. Under the Rules of Court, an appeal may be withdrawn as a matter of right at any time before the filing of the appellee's brief, and thereafter, in the discretion of the court. Thus, considering the favorable action by the Respondent granting the administrative claim and for failure of the Respondent to comment or object thereto, the Motion to Withdraw is granted.

(Shell Pilipinas Corporation (Formerly: Pilipinas Shell Petroleum Corporation v. Commission of Internal Revenue, CTA Case No. 11429, September 19, 2025)

9. The Assistant Commissioner of Enforcement and Advocacy Service is clothed with authority to approve the compromise settlement in accordance with Revenue Delegation of Authority Order No. 14-2022

This is a judgment on a Judicial Compromise Agreement jointly submitted by both parties. The CTA found that the subject compromise is anchored on doubtful validity of assessment under Section 204 of the NIRC. Except for deficiency expanded withholding tax ("EWT") and withholding tax on compensation ("WTC"), which the taxpayer paid in full, the taxpayer paid 40% of the basic assessed tax for income tax and value-added tax, as shown by the relevant payment forms submitted to the CTA as required by Section 204.

RR No. 30-2002 on Compromise Settlement provide that except for offers of compromise where approval is delegated to the Regional Evaluation Board ("REB"), all compromise settlements within the jurisdiction of the National Office ("NO") shall be approved by a majority of the members of the National Evaluation Board ("NEB") composed of the Commissioner and the four

(4) Deputy Commissioners. All decisions of the NEB, granting the request of the taxpayer or favorable to the taxpayer, shall have the concurrence of the Commissioner.

Here, the taxpayer's Certificate of Availment was approved by Assistant Commissioner of Enforcement and Advocacy Service, ACIR James Roldan. While the Certificate of Availment appeared to be non-compliant with Section 6 of RR No. 30-2002, Revenue Delegation of Authority Order No. 14-2022 conferred the authority to approve the offer of compromise to the ACIR of Enforcement and Advocacy Service.

Considering that ACIR James Roldan is clothed with authority to approve the compromise, and finding the documents in support of the judicial compromise in order, the CTA resolved to approve the Judicial Compromise Agreement.

(Misnet Education, Inc. v Commissioner of Internal Revenue, CTA Case No. 10802, September 19, 2025)

10. An assessment from the OIC City Treasurer of Manila which does not sufficiently inform the taxpayer of the facts and the law on which it is based must be struck down as void for violating the taxpayer's right to due process.

The City of Manila does not have a duly enacted ordinance imposing business tax on holding companies.

This case involves a Letter of Assessment with Data and Assessment Form ("Assessment Notice") received by CTF Hotel and Entertainment, Inc. ("CTF Hotel") from the OIC City Treasurer demanding the payment of deficiency local business taxes ("LBT"). CTF Hotel filed a protest against the Assessment Notice but this was denied by the RTC. When the case reached CTA, the CTA Division rendered a decision which reversed and set aside the RTC's decision. The CTA Division also denied the Motion for Reconsideration filed by the OIC City Treasurer. This prompted the OIC City Treasurer to file a *Petition for Review* with the CTA *En Banc.*

The CTA *En Banc* affirmed the decision of the CTA Division which found that CTF Hotel's right to due process was violated and accordingly, struck down the assessment. The CTA *En Banc* stated that CTF Hotel was imposed with a "business tax as a holding co.", however, the Assessment Notice did not provide the legal basis and nature of such tax. Further, while the Local Government Code does not require that the legal basis of the tax be specifically indicated in a notice of assessment and only that the "nature of the tax" be stated, reference to the ordinance is logically necessary in order to ascertain the nature of the tax imposed. The requirement to apprise the taxpayer of the facts and the law on which an assessment is made is mandated by the Constitution which provides that no person shall be deprived of his/her property without due process of law, and such constitutional mandate obtains regardless of whether an assessment is issued pursuant to the NIRC or the Local Government Code.

The CTA *En Banc* also noted that the ordinances of the City of Manila did not include holding companies as one of the businesses liable for LBT. Without a duly enacted ordinance imposing business tax on holding companies, it is improper for the City of Manila to assess CTF Hotel of such tax.

(*The City of Manila and Hon. Rizal Y. Del Rosario in his capacity as OIC-City Treasurer v. CTF Hotel and Entertainment, Inc., CTA EB No. 2987 (CTA AC No. 276), September 19, 2025*)

11. In 2017, RR No. 6-2013 eliminated the book value approach in determining the fair market value of shares of stock not listed and traded in the local stock exchange, and mandated the use of the Adjusted Net Asset Method.

Respondent Kepwealth, Inc. sold its common shares in Kepwealth Property Phils., Inc. (the "Subject Shares") to Las Tuazon & Sons Realty, Inc. and Crown Castle Holdings.com, Inc. at Php23.34 per share on October 27, 2017. During the processing of the Certificate Authorizing Registration ("CAR"), Petitioner CIR claimed that Respondent is liable for donor's tax pursuant to Section 100 of the NIRC because the Subject Shares were allegedly sold for less than their full and adequate consideration. Relying on Section 2(v) of RR No. 6-2008 to determine the fair market value ("FMV") of the shares, the CIR claimed that the excess of the FMV over the sale price constituted a donation. Subsequently, the CIR issued a PAN, followed by a FAN, and then a FDDA, which upheld the donor's tax assessment. Thus, Respondent filed a Petition for Review with the CTA questioning the FDDA. The CTA Division ruled in favor of Respondent and cancelled the donor's tax assessment. The CIR filed a Motion for Reconsideration, which was denied by the CTA Division.

In the *Petition for Review* filed with the CTA *En Banc*, the CIR argued that Section 2(v) of RR No. 6-2008 was correctly applied in determining the value per share sold since the transaction took place on October 27, 2017, during which time, the applicable provision was Section 7(c.2.2) of RR No. 6-2008, as amended by RR No. 6-2013, the latter regulation being consistent and reconcilable with the former. Respondent, on the other hand, insisted that RR No. 6-2013 is an express amendment that modified the existing regulation, RR No. 6-2008, removing any reference to "book value". Hence, the definition of "book value per share" under RR No. 6-2008 cannot be applied in determining the FMV of shares not traded on a local stock exchange.

The CTA *En Banc* ruled in favor of Respondent and held that the CIR's continued reliance on RR No. 6-2008 was misplaced. RR No. 6-2013 eliminated the book value approach in determining the FMV of shares of stock not listed and traded in the local stock exchange, and mandated the use of the Adjusted Net Asset Method for valuing unlisted shares, whereby all assets and liabilities are adjusted to FMVs. The net of adjusted asset minus the liability values is the indicated value of the equity. Thus, the appraised value of real property at the time of sale shall be the higher of: (1) the FMV as determined by the Commissioner, or (2) the FMV as shown in the schedule of values fixed by the Provincial and City Assessors, or (3) the FMV as determined by Independent Appraiser. The CTA *En Banc* concluded that tax assessments must rest on current and applicable

law. Here, the CIR's reliance on a superseded regulation nullifies the presumption of correctness usually accorded to BIR assessments.

Respondent properly computed the FMV per share using the Adjusted Net Asset Method and sold the shares higher than the computed FMV. Thus, there is no deemed donation.

(*Commissioner of Internal Revenue v. Kepwealth, Inc. CTA EB No. 3002 (CTA Case No. 10353), September 23, 2025*)

12. The taxpayer has thirty (30) days to appeal to the CTA from receipt of a decision from the CIR; otherwise, the decision shall become final, executory, and demandable.

Section 228 of the NIRC and Section 3.1.4 of RR No. 12-99 are clear in establishing that that the taxpayer's failure to appeal to the CTA within thirty (30) days from the receipt of the decision of the CIR on the protest or the administrative appeal renders the assessment final, executory, and demandable. Note as well that based on Section 7(a)(1) of RA No. 1125, the CTA only has jurisdiction over disputed assessments and not assessments that are final, executory, and demandable.

Here, Petitioner Exclusive Cars International Holdings Inc. received a copy of the *Decision* from the CIR on its Request for Reconsideration for its assessed deficiency taxes for taxable year 2019 on March 11, 2025. Petitioner had thirty (30) days or until April 10, 2025 to file a Petition for Review with the CTA. Instead, Petitioner filed the instant Motion for Extension of Time to File Petition for Review (Motion) on April 8, 2025 and proceeded with filing the Petition for Review on April 25, 2025.

The CTA resolved the *Motion* by denying it based on the aforementioned relevant laws. Additionally, the *Petition for Review* filed on April 25, 2025 was dismissed for lack of jurisdiction. Furthermore, the *Petition for Review* is replete with defects resulting from non-compliance with the relevant laws, rules and regulations governing such pleading, such as failure to attach the Verification and Certification Against Forum Shopping and a certified true copy of the FDDA; failure to include the name/s of witness/es, summary of intended testimonies and Judicial Affidavits and the list of documentary evidence; and failure to electronically file the pdf copy of the *Petition for Review*. Consequently, the *Petition for Review* and the *Supplemental Petition for Review with Urgent Motion to Suspend Collection* filed by Petitioner were expunged from the records of the case.

(Exclusive Cars International Holdings, Inc. v. Commissioner of Internal Revenue, CTA Case No. 11855, September 24, 2025)

13. The DST exemption under Section 199(l) pertains to the transaction itself and benefits all parties to the transaction, not just the *Bangko Sentral ng Pilipinas*.

Petitioner *Bangko Sentral ng Pilipinas* ("BSP") filed a claim for refund against the CIR erroneously paid documentary stamp tax ("DST") on the consolidation of title over the foreclosed properties that BSP acquired as the winning bidder pursuant to Section 199(l) of the NIRC.

The CTA ruled that the DST exemption provided under Section 199(l) of the NIRC pertains to the transaction itself which includes contracts, deeds, documents and other transactions in relation to the conduct of BSP's business, regardless of the status of the parties involved. The exemption attaches to the nature of the transaction, not to the status of the BSP as a party thereto. As differentiated by the Supreme Court in the case of *Commissioner of Internal Revenue v. Seagate Technology Philippines, G.R. 153866, February 11, 2005*, an exempt transaction is specifically listed in and expressly exempted under the NIRC, without regard to the tax status – exempt or not – of the party to the transaction. On the other hand, an exempt party is a person or entity granted exemption under the NIRC, a special law, or an international agreement to which the Philippines is a signatory, and by virtue of which its taxable transactions become exempt from the tax.

Following this, the CTA held that the consolidation of title over the foreclosed properties that BSP acquired is made in relation to the conduct of BSP's business, hence is covered by the exemption provided under Section 199(1) of the Tax Code. The CTA also held that the DST payment was not voluntary. It was imposed as a requisite for the transfer of title over the foreclosed properties. Therefore, the DST payment by BSP was erroneously made and BSP is entitled to the refund of the same.

(Bangko Sentral ng Pilipinas v. Commissioner of Internal Revenue, CTA Case No. 11147, September 24, 2025)

14. Only Revenue Officers with a Letter of Authority issued by the appropriate official may conduct tax examinations. The absence of such authority constitutes a violation of both statutory and due process requirements, rendering any assessment null and void.

Respondent CIR issued a Letter of Authority ("LOA") authorizing Revenue Officer ("RO") Rhea Argoso and Group Supervisor ("GS") Maricar Favis to examine Petitioner Philam Properties Inc.'s books of accounts. However, records reveal that the actual audit was conducted by RO Joey Fragante and GS Josefina Yu, neither of whom were named in the LOA. The participation of these unauthorized ROs is evident in their signing of documents such as the Memorandum addressed to the Regional Director recommending the issuance of the Preliminary Assessment Notice.

Accordingly, the CTA declared that the assessment is void and cannot be enforced. Section 13 of the Tax Code categorically requires that only ROs with a LOA issued by the appropriate official may conduct tax examinations. In the absence of a valid LOA authorizing RO Fragante and GS Yu to conduct the audit, the assessment is fatally defective. The absence of such authority constitutes a violation of both statutory and due process requirements, rendering the assessment null and void.

An LOA is the authority given to the appropriate RO assigned to perform assessment functions. It empowers or enables a RO to examine the books of account and other accounting records of a taxpayer for the purpose of collecting the correct amount of tax. Should there be a reassignment or transfer of a case to a different RO, RMO No. 43-1990 explicitly requires the issuance of a new LOA. The requirement for a valid LOA aims to protect the taxpayers' right to due process by ensuring that they are informed of any changes in the ROs authorized to conduct the audit.

(Philam Properties Inc. v. Commissioner of Internal Revenue, CTA Case No. 10921, September 30, 2025)

15. In order to be entitled to a claim for a refund of excess and unutilized input VAT attributable to zero-rated sales, both the sales and the purchases must comply with the invoicing and substantiation requirements to be considered as qualified sales and valid purchases, respectively.

For mixed-sale transactions, the seller shall provide a breakdown of the sales to distinguish the taxable, exempt, and zero-rated components thereof. The seller is no longer required to indicate the amount of tax or print the term "exempt" or "zero-rated" on the same invoice.

Petitioner Halliburton Worldwide Limited – Philippine Branch ("Halliburton Branch") filed a claim for refund of excess and/or unutilized input VAT on purchases of goods and services attributable to its alleged zero-rated sales for the calendar year 2019 in the amount of Php10,523,339.72.

In the case of *CIR v. Deutsche Knowledge Services Pte. Ltd., G.R. No. 234445, July 15, 2020*, the Supreme Court laid down the following requisites for the entitlement to tax refund or credit of excess input VAT attributable to zero-rated sales:

1. The taxpayer must be VAT-registered;
2. The taxpayer must be engaged in sales which are zero-rated or effectively zero-rated;
3. The claim must be filed within two years after the close of the taxable quarter when such sales were made; and
4. the creditable input tax due or paid must be attributable to such sales, except the transitional input tax, to the extent that such input tax has not been applied against the output tax.

With regard to the 2nd requisite, any VAT-registered person claiming VAT zero-rating in relation to *export sales of goods* must present the following documents:

1. Sales Invoice ("SI") as proof of sale of goods showing prominently the term "zero-rated sale;" and
2. Bill of lading or airway bill as proof of actual shipment of goods from the Philippines to a foreign country.

The SIs supporting the export sales must be duly registered with the BIR and must contain all required information under Sections 237 and 238 of the NIRC. Only export sales supported by such invoices will qualify for VAT zero-rating.

Moreover, in order for the *sales of services to a Renewable Energy ("RE") developer* to qualify for VAT zero-rating under RA No. 9513 and its Implementing Rules and Regulations ("IRR"), the following elements must be present:

1. The RE developer must be registered with the Department of Energy ("DOE") and Board of Investments ("BOI"); and
2. The local sales of goods, properties, and services to the RE developer are needed for the development, construction, and installation of the RE developer's plant facilities and the whole process of exploration and development of RE sources up to its conversion into power.

The CTA found that Halliburton Branch's export sales of goods to its nonresident foreign affiliates failed to qualify for VAT zero-rating since the SIs were not duly registered with the BIR and the SIs violated the invoicing requirements.

With regard to the services rendered to RE developers, the CTA also found that only a portion of Halliburton Branch's sales of services qualified for VAT zero-rating since only a portion of the sales was properly supported by BIR-registered VAT ORs. The CTA further ruled that should a seller be engaged in mixed-sale transactions, he or she or it is required to show the breakdown of the sales to distinguish the taxable, exempt, and zero-rated components thereof. The seller is not required to indicate the amount of tax or again print the term "exempt" or "zero-rated" on the same invoice. It is sufficient that a breakdown is presented to clearly segregate the sales. Conversely, should a seller be engaged in pure transactions, then he or she or it is required to show the amount of tax as a separate item, or imprint the term "exempt" or "zero-rated", whichever is applicable.

Lastly, the CTA disallowed a certain portion of the input VAT for failure to meet the substantiation and invoicing requirements.

Thus, Halliburton Branch is only entitled to the refund or issuance of tax credit certificate ("TCC") in the amount of Php3,289,945.80, representing the valid and substantiated input VAT attributable to qualified zero-rated sales.

(Halliburton Worldwide Limited – Philippine Branch, CTA Case No. 10708, September 30, 2025)

16. An applicant for a claim for tax refund or tax credit of excess and unutilized CWT must prove compliance with the following three requisites: the claim must be filed within two years; the CWT must be supported by BIR Form No. 2307; and the income payments subjected to CWT were reported as part of gross income in the Annual ITR .

Petitioner Ford Group Philippines, Inc. ("FGPI") filed a claim for tax refund or tax credit of excess and unutilized creditable withholding taxes ("CWT") for taxable year 2020 in the amount of Php202,930,607.00.

The CTA ruled that in addition to the requisites under Section 76 of the NIRC, the following three requisites must be satisfied for a taxpayer to be entitled to a refund or an issuance of tax credit certificate for unutilized excess CWTs: (1) the claim for refund must be filed within the two-year prescriptive period; (2) the fact of withholding must be established by a copy of a statement duly issued by the payor (withholding agent) to the payee, showing the amount paid and the amount of tax withheld therefrom; and (3) the income upon which the taxes were withheld must be included in the return of the recipient.

On the *first requisite*, the CTA found that FGPI timely filed both its administrative claim on December 22, 2021, and its judicial claim on April 14, 2023, both within the two-year prescriptive period reckoned from April 15, 2021, the date of filing of its 2020 Annual Income Tax Return ("ITR").

On the *second requisite*, the CTA held that the fact of withholding was sufficiently established by the Certificates of Creditable Tax Withheld at Source (BIR Form No. 2307) submitted by FGPI, which showed that a total of Php201,650,043.10 in taxes had been withheld from its income payments. The CTA stated that the proof of actual remittance of the withheld taxes is not indispensable, as the obligation to remit lies with the withholding agent or payor, not the payee-refund claimant. Hence, the FGPI's presentation of the BIR Forms No. 2307 issued to it by its clients constitutes proof to establish that taxes were withheld.

On the *third requisite*, however, the CTA stated that FGPI failed to prove that the income subjected to CWT was included in its ITR. The CTA noted a Php789.3 million discrepancy between the total income per BIR Forms No. 2307s (Php20.26 billion) and the gross income reported in its ITR (Php19.47 billion). Despite the submission of an independent certified public accountant's reconciliation, FGPI did not present detailed sales ledgers, books of accounts, or other documentary evidence to trace and reconcile the income items subjected to withholding with the income declared in its return. Citing *Tullett Prebon (Philippines), Inc. v. Commissioner of Internal Revenue, G.R. No. 257219, July 15, 2024*, the CTA emphasized that merely comparing the income from which CWTs are withheld against the total income reported in the ITR is insufficient. Hence, due to FGPI's failure to prove that the withheld income was reported in its ITR, the claim for refund must fail.

The CTA emphasized that the taxpayer-claimant has the burden of proof to establish the factual basis of his or her claim for tax credit or refund. Thus, an applicant for a claim for tax refund or tax credit must not only prove entitlement to the claim but also compliance with all the documentary and evidentiary requirements.

(Ford Group Philippines, Inc. v. CIR, CTA Case No. 11128, CTA Case No. 10627, October 1, 2025)

17. All letters of protests, requests for reinvestigation/reconsideration shall only be filed by the taxpayers or their duly authorized representatives with the Office of the concerned Regional Director ("RD"), Assistant Commissioner – Large Taxpayers Service ("ACIR-LTS"), or Assistant Commissioner – Enforcement Service ("ACIR-ES") who signed the PANs, FANs and FLDs. If the aforesaid procedure is not followed, the letters of protest, requests for reinvestigation/reconsideration and similar correspondences shall be considered void and without force and effect.

The Regular Large Taxpayer Division III ("RLTAD III") issued a PAN against Petitioner Alphaland Makati Place, Inc. ("Alphaland") for deficiency taxes. Petitioner filed a Reply to the PAN, however, on 9 January 2020, the BIR served on Alphaland the FLD/FAN, demanding anew the payment of the same basic tax deficiencies. Alphaland filed its Letter-Protest before the RLTAD III, in spite of the explicit indication in the FLD/FAN that any administrative protests shall be filed with the office of the Assistant Commissioner – Large Taxpayers Service ("ACIR-LTS"). The BIR proceeded to issue to Alphaland a WDL, in response to which Alphaland filed a Request for Lifting of WDL before the BIR. Thereafter, Alphaland received a letter denying its Request for Reconsideration and considering its Letter-Protest void and without force and effect, prompting Alphaland to file a Petition for Review. Alphaland argued that its Letter-Protest was valid and timely filed, and that the WDL's issuance was premature. Alphaland further asserted that it cannot be faulted for the supposedly ambiguous regulations regarding the venue for filing, namely RMC No. 39-2013, considering that it substantially complied with the filing requirement in good faith by filing the Letter-Protest with the RLTAD III. The CIR, on the other hand, argued that the assessment had lapsed into finality due to Alphaland's failure to file a valid protest to the FLD/FAN.

The CTA ruled that RMC No. 39-2013 definitively addresses the question of venue for the filing of an administrative protest as well as the implications from a deviation therefrom. All letters of protests, requests for reinvestigation/reconsideration shall only be filed by the taxpayers or their duly authorized representatives with the Office of the concerned Regional Director ("RD"), ACIR-LTS, or Assistant Commissioner – Enforcement Service ("ACIR-ES") who signed the PANs, FANs and FLDs. If the aforesaid procedure is not followed, the letters of protest, requests for reinvestigation / reconsideration and similar correspondences shall be considered void and without force and effect.

RMC No. 11-2014 further specified and limited the recipients of administrative protests, and clarified that the term "duly authorized representative" refers to the RD, ACIR-LTS, or ACIR-ES. From a reading of the foregoing issuances, it is made abundantly clear that the pertinent provision of RMC No. 39-2013 intends to limit the offices of the BIR that would receive administrative protests, precisely to curtail timing and venue issues that materialize as incorrectly commenced reinvestigations or prematurely initiated collection efforts. In order to be considered valid with

respect to the venue or office of filing, administrative protests may be filed with the following office, whichever signed the FLD/FAN: (1) Office of the RD; (2) Office of the ACIR-LTS; and (3) Office of the ACIR-ES. While there is a disconnect between the BIR's practice and that indicated in the RMC (i.e., the FLD/FAN specifically required that the Letter-Protest be filed with the LTS-ACIR, instead of the RLTAD III or the office which signed the FLD/FAN), it is nevertheless clear that the BIR issuances did not purport to permit filing with any other office beyond those mentioned.

Considering the improper filing of Alphaland's Letter-Protest with the RLTAD III, the CTA ruled that the assessment had become final and executory and the BIR acted within its discretion when it issued the WDL. Consequently, Alphaland had 30 days from receipt of the WDL to the file a Petition for Review with the CTA. Alphaland received the WDL on 31 August 2022 and filed the instant Petition for Review on 3 October 2022. Thus, the Petition was filed out of time and the CTA dismissed the same for lack of jurisdiction.

(Alphaland Makati Place, Inc. v. Commissioner of Internal Revenue, CTA Case No. 10998, October 2, 2025)

18. The taxpayer is required to respond within 15 days from receipt of the PAN; otherwise, he or she will be considered in default and the FLD and FAN will be issued. Failure to strictly comply with the due process requirements will render the assessment void.

Petitioner Getz Pharma (Phils.), Inc. received a copy of the PAN on January 14, 2015, and had 15 days or until January 29, 2015 to file a Reply to the PAN. However, Respondents issued the FLD/FAN on January 23, 2015, or only nine (9) days from Petitioner's receipt of the PAN, and within the Petitioner's 15-day period to file its Reply to the PAN.

The CTA declared the assailed PAN and FLD with Assessment Notices issued against Petitioner void for failure to comply with due process requirements in the issuance of assessments.

Based on the NIRC and the Regulations, the CIR or his/her duly authorized representative is required to issue a PAN against the taxpayer whenever there is a finding of any deficiency tax due. The taxpayer is then given 15 days, counted from receipt thereof, to respond. The taxpayer's failure to respond within the period prescribed results in the taxpayer being considered in default, leading to the issuance of an FLD/FAN.

The 15-day period granted to a taxpayer to reply to the PAN before an FLD/FAN is issued is mandatory. Thus, for failure to afford the Petitioner due process renders the CIR's assessment against the Petitioner void.

(Getz Pharma (Phils.), Inc. v. Hon. Commissioner Kim Henares, et al., CTA Case No. 9245, October 7, 2025)

19. Under the Caloocan City Revenue Code, the City Treasurer is authorized to assess and collect LBT. Thus, LBT assessments made by the Caloocan Business Permit and Licensing Office are void.

Petitioner NLEX Corporation (formerly Manila North Tollways Corporation) ("NLEX"), as the surviving corporation in the merger with Tollways Management Corporation ("TMC"), filed an appeal of the decision of the RTC finding the assessment of The City of Caloocan and the City Treasurer against TMC for deficiency local business tax (LBT) for calendar year 2019 as valid. NLEX contested that the LBT assessment in relation to TMC's retirement of business is void because it was not issued by the City Treasurer of Caloocan City.

Section 69 of the Caloocan City Updated Revenue Code of 2004 ("CCURC") states applications for retirement of business must be made with the Business Permits and Licensing Office ("BPLO"). Section 69 further sets out that no business may be retired or terminated unless all due taxes are paid. In this regard, a sworn statement of a business' gross receipts or sales for the current year must be presented to the City Treasurer from which corresponding taxes shall be collected. Section 75 of the same Code also explicitly provides that LBT shall be assessed and collected by the City Treasurer. Furthermore, Section 75 provides that the City Treasurer may deputize the barangay treasurer to collect such tax subject to the approval of the City Mayor and the Sangguniang Barangay.

Based on the CCURC provisions, the function of the BPLO in the context of LBT is only to process applications for retirement and to terminate businesses upon the payment of all taxes due. It is the City Treasurer who is authorized to assess and collect LBT. Nonetheless, the City Treasurer may deputize the Barangay Treasurer to collect LBT subject to several conditions. Nowhere in the CCURC is it stated that the BPLO may assess LBT or that it may be deputized to do so on behalf of the City Treasurer. The duty and responsibility to assess and collect LBT may not be arrogated to the BPLO by the mere act of providing by the City Treasurer to the BPLO with a computer software or application that automatically computes for the taxpayer's deficiency LBT.

Applying the foregoing, the CTA held that the subject assessment shows nothing to the effect that it was issued by the City Treasurer of Caloocan City. To the contrary, it clearly shows that it was issued by Caloocan City's BPLO. This conclusion is further supported by the Respondent's lone witness from the BPLO of Caloocan City, who established in her Judicial Affidavit and during cross-examination that the subject assessment was prepared by the BPLO of Caloocan City, not the City Treasurer of Caloocan City. Thus, the CTA ruled that the LBT assessment was issued by the BPLO of Caloocan City without proper authorization from the City Treasurer of Caloocan City. As such, the LBT assessment is null and void.

(NLEX Corporation (formerly Manila North Tollways Corporation) v. The City of Caloocan and Hon. Analiza E. Mendiola in her capacity as City Treasurer, CTA AC No. 312, October 8, 2025)

20. There is a disputable presumption that a letter duly directed and mailed by the CIR is received by the taxpayer in the regular course of mail. The burden is then shifted to the taxpayer to overcome this presumption.

Initiatory pleadings must be filed personally or by registered mail. Otherwise, a pleading filed *via* private courier will be treated as if sent by ordinary mail and in such instance, the date of filing will be reckoned from the date of receipt by the CTA and not the date of the mailing.

Petitioner SCG Marketing Philippines, Inc. ("SCG Marketing") sent a Petition for Review ("Petition") via an accredited private courier on February 21, 2022, which was received by the CTA on February 22, 2022. The Petition is an appeal of the Decision issued by Respondent CIR denying the Request for Reconsideration of the Final Decision on Disputed Assessment which assessed SCG Marketing for deficiency VAT for the period January 1, 2023 to June 30, 2023.

According to SCG Marketing, it received the Decision only on January 20, 2022. It presented two witnesses who testified that the Decision was received by Decision only on January 20, 2022 by personal service. On the other hand, the CIR argued that he sent the same by registered mail on May 21, 2021; as such, the Petition was belatedly filed since nine months had lapsed from the time the of the FDDA was served by registered mail.

The CTA found that the CIR was able to prove the fact of mailing; thus, there is a presumption that the Decision, duly directed and mailed, was received by SCG Marketing in the regular course of mail. As such, the burden of proving the date of receipt of the Decision shifted to SCG Marketing. The CTA held that SCG Marketing's documentary and testimonial evidence are unsupported by competent and credible evidence. For failing to rebut the *prima facie* case of receipt of the Decision, the Petition for Review filed on February 21, 2022 was clearly filed out of time.

The CTA further held that even if it gave credence to Petitioner's assertion that it received the Decision only on January 20, 2022, the Petition would still be filed out of time. The deadline for filing would be February 19, 2022. Since this date fell on a Saturday, the deadline would be extended to February 21, 2022, or the next working day. However, records showed that the Petition, an initiatory pleading, was filed by Petitioner *via* LBC courier on February 21, 2022.

The 2019 Amendments to the Rules of Civil Procedure expressly requires that initiatory pleadings be filed personally or by registered mail. Otherwise, a pleading filed *via* private courier will be treated as if sent by ordinary mail and in such instance, the date of filing will be reckoned from the date of receipt by the CTA and not the date of the mailing. In this case, records showed that the CTA received the Petition only on February 22, 2022. Moreover, the filing and docket fees were paid on February 22, 2022. As such, the Petition was belatedly filed for having been filed one (1) day late.

(SCG Marketing Philippines, Inc. v. CIR, CTA Case No. 10779, October 9, 2025)

21. The BIR is required to consider any reply to the PAN received from the taxpayer. It need not accept the explanation but any rejection must be accompanied by reasons, with the supporting facts and law reflected in the record. The BIR's reiteration of its findings in the FLD/FAN and FDDA is a complete disregard of the taxpayer's defenses, which amounts to a denial of due process rendering the assessment void.

Electric cooperatives are exempt from income tax under PD No. 269.

Petitioner Bukidnon II Electric Cooperative, Inc. ("BUSECO"), a non-stock, non-profit electric cooperative, filed a judicial protest against the assessment for alleged deficiency income tax and compromise penalty for calendar year 2017.

The CTA held that the PAN and the FLD/FAN must state, among others, the factual and legal bases of the assessment; otherwise they are void. While taxpayers are not required to respond to a PAN, the BIR is nonetheless required to consider any reply received within the fifteen (15)-day period allotted to taxpayers. This consideration is not merely procedural; rather, it serves to uphold the taxpayer's right to due process and to facilitate a more efficient resolution of tax disputes by streamlining the assessment procedure.

When the BIR merely reiterated its findings in the PAN in the FLD/FAN and FDDA and ignored BUSECO's rebuttals, the failure to consider and address BUSECO's arguments is a violation of its right to administrative due process. The CIR need not accept BUSECO's explanation, but any rejection must be accompanied by reasons, with the supporting facts and law reflected in the record. The CIR's complete disregard of BUSECO's defenses amounts to a denial of due process. Thus, the assessment against BUSECO is void.

The CTA also upheld the permanent income tax exemption of electric cooperatives under Section 39 of PD No. 269 and that the same has not been repealed by the Cooperative Code. As a non-stock, non-profit electric cooperative which has been granted a Certificate of Franchise by the National Electrification Administration, BUSECO has sufficiently established its entitlement to income tax exemption.

(Bukidnon II Electric Cooperative, Inc. (BUSECO) v. Commissioner of Internal Revenue, CTA Case No. 11142, October 9, 2025)

22. Failure to submit the documents required under RMO No. 53-98 and RR No. 2-2006 is not fatal to the refund of excess and unutilized CWTs.

Proof of actual remittance of the CWTs is also not indispensable.

Petitioner CIR, filed a *Petition for Review* seeking to reverse the Decision and Resolution of the CTA Division which granted the refund of the excess and unutilized CWTs for taxable year 2018 to Respondent Global Business Power Corporation ("GBPC").

The CIR claims that GBPC failed to comply with the prescribed checklist of requirements to be submitted involving claims for unutilized CWTs pursuant to RMO No. 53-98 and RR No. 2-2006 at the administrative level.

The CTA *En Banc* held that a cursory reading of RMO No. 53-98 and RR No. 2-2006 shows that nowhere is it stated that the non-submission of the documents enumerated therein would *ipso facto* result in the denial of the claim for tax refund or credit. In fact, RR No. 2-2006 merely imposes a penalty of fine for non-submission of the information or statement required therein, but not the outright denial of any claim for tax refund or credit.

Since this case is essentially being decided in the first instance in the judicial level, the CTA Division may give credence to all evidence presented by respondent, including those that may not have been submitted at the administrative level.

The CTA *En Banc* further held that proof of actual remittance of the taxes withheld to the BIR is not indispensable in a claim for refund of excess CWT since it is the payor-withholding agent, and not the payee-refund claimant such as GBPC, who is vested with responsibility of withholding and remitting the CWTs.

Hence, the CTA *En Banc* affirmed the decision of the CTA Division granting the refund of excess and unutilized CWTs to GBPC.

(*Commissioner of Internal Revenue v. Global Business Power Corp., C.T.A. EB Case No. 2965 (C.T.A. Case No. 10500), October 10, 2025*)

23. An applicant for a refund of excess CWT must prove that the income upon which the CWTs were withheld were included in its annual income tax return as part of gross income.

Petitioner CIR sought the reversal of the Decision of the CTA Division ordering the refund of Php2,853,239.00 representing the alleged excess and unutilized CWTs of Novabala JV. Corp. ("Novabala") for the taxable year 2018. Novabala is registered with the Board of Investments for the Novaliches-Balara Aquedact 4 Project covered by a service contract with Manila Water Company ("MWCI"). MWCI made various payments related to the progressive billings issued by Novabala wherein it withheld 2% CWTs. The CIR argued that Novabala did not completely declare in its Annual ITRs the entire income payments it received from MCWI for taxable years 2017 and 2018, resulting in the non-compliance with the requirements for the CWT refund. On the other hand, Novabala, averred that the construction project from which it generated revenue is a long-term construction contract. Pursuant to Section 48 of the NIRC, it spread its revenue for the

duration of the project such that all income payments collected during the year would not necessarily be reported as revenue in the same year.

The CTA *En Banc* stated that the following three requisites must be satisfied for a taxpayer to be entitled to a refund or an issuance of tax credit certificate for unutilized excess CWTs: (1) the claim for refund must be filed within the two-year prescriptive period; (2) the fact of withholding must be established by a copy of a statement duly issued by the payor (withholding agent) to the payee, showing the amount paid and the amount of tax withheld therefrom; and (3) the income upon which the taxes were withheld must be included in the return of the recipient.

While the CTA *En Banc* recognized that a timing difference between revenue recognition and withholding of tax could occur, it ultimately ruled that Novabala failed to comply with the requirement that the income upon which the CWTs were withheld was included in its Annual ITR, as part of the gross income. Specifically, it ruled that the evidence submitted by Novabala and the findings of the Independent Certified Public Accountant failed to provide factual basis that the income for the CWTs claimed were indeed reported by Novabala as part of its revenue. Thus, for failure to prove compliance with the third requisite, the CTA *En Banc* granted the CIR's Petition for Review and reversed and set aside the Decision of the CTA Division.

(CIR v. Novabala JV Corp, CTA EB No. 2952, October 10, 2025)

24. An FLD/FAN issued without addressing the taxpayer's arguments in its Reply to the PAN is violative of the taxpayer's right to due process which shall render the FLD/FAN void.

Petitioner Helix Mining and Development Corporation ("Helix") filed the instant Petition for Review against the assessment of the BIR, arguing that the FLD/FAN was issued in violation of its right to due process. Helix averred that the similarity in the wordings of the PAN and the FLD/FAN shows that the BIR did not consider the arguments and supporting documents in Petitioner's Reply to the PAN. Notably, the CIR's own witness admitted that Petitioner's arguments in its Reply to the PAN were not considered.

Citing *Commissioner of Internal Revenue v. Avon Products Manufacturing, Inc.*, *G.R. Nos. 201398-99 & 201418-19, October 3, 2018*, the CTA held that due process requires the BIR to consider the defenses and evidence submitted by the taxpayer and to render a decision based on these submissions; failure to adhere to these requirements constitutes a denial of due process and taints the administrative proceedings with invalidity. While the CIR is not obliged to accept a taxpayer's explanations, the CIR, when he or she rejects these explanations, must give the reasons for the same.

Considering that the FLD/FAN was a complete replica of the PAN and the admission of the CIR's own witness that they did not consider the arguments of the Petitioner, the CTA found that the FLD/FAN was issued in violation of the Helix's right to due process. Hence, the CTA declared the assessment void.

(*Helix Mining and Development Corporation (formerly "Holcim Mining and Development Corporation) v. Commissioner of Internal Revenue, CTA Case No. 10974, October 10, 2025*)

25. BIR Special Prosecutors must attach copies of RMC No. 25-2010 and deputization orders from the OSG to prove that they are duly deputized and authorized by the OSG. Otherwise, the CTA will not acquire jurisdiction over a case.

Service of decisions on the DOJ in criminal cases is the proper basis for computing the reglementary period for filing appeals and determining whether a decision has attained finality.

The twin-period for filing a Petition for Relief of Judgment under Section 3, Rule 38 of the Rules of Court is jurisdictional and must be strictly complied with. Otherwise, the petition may be dismissed outright.

When a doctrine of the Supreme Court is overruled and a different view is adopted, the new doctrine should be applied prospectively.

An Information was filed against Respondent Loo Tian (the "Respondent") for violation of Section 255 of the NIRC, as amended. The criminal case against Respondent was then dismissed by the CTA Division on February 1, 2023 due to prescription. Since no appeal was filed by any parties, the CTA Division issued a Resolution ordering the issuance of an entry of Judgment. On July 3, 2023, Petitioner CIR filed a Petition for Relief from Judgment, which was also dismissed by the CTA Division for being filed out of time. After its Motion for Reconsideration was dismissed, the CIR filed a Verified Petition for Review ("Verified Petition") before the CTA *En Banc*.

The CTA *En Banc* ruled in favor of the Respondent and dismissed Petitioner's Verified Petition based on the matters below.

First, Petitioner has no legal authority to file the Verified Petition

The CTA *En Banc* ruled that the Office of the Solicitor General ("OSG") is the proper party to file the Verified Petition and represent the People in criminal cases brought to the CTA *En Banc* under Section 10, Rule 9 of the RRCTA. While the OSG may deputize the legal officers of the BIR, the latter still remain under the direct control and supervision of the OSG.

The CTA *En Banc* also cited *People v. Tuyay*, where the Supreme Court held that BIR Special Prosecutors must attach copies of RMC No. 25-2010, which published the full text of the Memorandum of Agreement between the OSG and the BIR, and deputization orders from the OSG to prove that they were duly deputized and authorized by the OSG to file the Petition for Review. In this case, the Verified Petition was filed by the Deputized Special Prosecutors of the BIR, without any attached deputization orders from the OSG. Since the CIR failed to show proof of

deputization by the OSG, the CIR does not have legal authority to file the Verified Petition and as such, the CTA *En Banc* also did not properly acquire jurisdiction over the instant case.

Second, the Resolution of the CTA Division already attained finality

The CTA *En Banc* cited the Supreme Court, which consistently ruled that the service of decisions on the OSG is the proper basis for computing the reglementary period for filing appeals and determining whether a decision had attained finality. According to the CTA *En Banc*, the same principles should be applied in cases where the Department of Justice ("DOJ") is the principal counsel and the BIR Special Prosecutors are deputized by the DOJ, as provided under Section 3, Rule 9 of the RRCTA.

Thus, even if the BIR Special Prosecutors are duly deputized by the DOJ, the latter still exercises supervision and control over the deputized BIR lawyer. The service of decisions on the DOJ is the proper basis for computing the reglementary period for filing of appeals and, since no appeal was filed by the DOJ, the Resolution had become final and executory.

Third, Petition for Relief from Judgment was correctly denied

The CTA *En Banc* found that the CIR failed to meet the requirements for a Petition for Relief from Judgment to prosper as laid down by the Supreme Court in *Philippine National Bank v. Spouses Victor*, G.R. No. 207377, 27 July 2022. According to the CTA *En Banc*, the Petitioner, as represented by the DOJ, had the remedy of appeal when it received the Resolution. However, the DOJ opted not to appeal the case anymore.

Even assuming that the remedy of a Petition for Relief from Judgment is available to the Petitioner, the same was already filed out of time. The *CTA En Banc* cited Section 3, Rule 38 of the Rules of Court, which requires that said petition be filed: (i) sixty (60) days after petitioner learns of the judgment, final order, or other proceeding to be set aside; and (ii) not more than six (6) months after such judgment or final order was entered, or such proceeding was taken. This twin-period is mandatory, jurisdictional, and must be strictly complied with, otherwise, the petition may be dismissed outright.

According to the CTA *En Banc*, the Petitioner only had until April 15, 2023 (since this fell on a Saturday, until April 17, 2023) or within sixty (60) days from when the DOJ learned of the resolution, and until September 9, 2023 (since this fell on a Saturday, until September 11, 2023) or within six (6) months after the judgment or final order was entered to file the petition. In this case, the Petition was filed only on July 3, 2023, which is beyond the sixty (60) day period provided above.

Lastly, the crime has already prescribed

The CTA Division relied on the doctrine in *Lim, Sr. v. Court of Appeals, G.R. Nos. 48134-37, October 18, 1990*, in ruling that the crime has prescribed, *i.e.*, where the date of the commission of the violation is unknown, prescription shall begin to run from the date of discovery of its commission until an Information is filed in court. This means that the filing of a Complaint Affidavit with the DOJ does not toll the running of the prescriptive period.

However, in *People v. Consebido, G.R. No. 258563, April 2, 2025*, the Supreme Court ruled that the filing of the criminal complaint before the DOJ tolls the running of the prescriptive period.

According to the CTA *En Banc*, citing jurisprudence, when a doctrine of the Supreme Court is overruled and a different view is adopted, the new doctrine should be applied prospectively. As such, the CTA Division did not err in applying the Lim doctrine when it issued its February 1, 2023 Resolution dismissing the Information.

(*People of the Philippines v. Ziegfried Loo Tian, CTA EB Crim No. 143, October 10, 2025*)

26. The validity of a warrant of distraint and/or levy falls under "other matters arising from the NIRC" within the jurisdiction of the CTA.

A mutual benefit association is similar to a "cooperative or association" exempt from percentage tax under Section 123 of the NIRC, as amended.

Compromise penalty cannot be imposed or exacted without the consent of the taxpayer.

Petitioner TSPI Mutual Association, Inc. ("TSPI"), a non-stock, non-profit mutual aid association, filed a Petition for Review for the permanent lifting of the WDL and the cancellation of the tax deficiency assessments for the taxable year 2016.

The CTA held that the validity of a WDL is an issue that falls under "other matters arising from the NIRC" that is within the jurisdiction of the CTA to decide upon.

In instances when the CIR, without categorically deciding the taxpayer's protest or request for reconsideration or reinvestigation, proceeds with distraint and levy or institutes an action for collection in the ordinary courts, the Supreme Court has considered this as an implied denial. The taxpayer's remedy then is to appeal to the CTA within thirty (30) days from the date that it was notified of the warrant or collection suit.

Thus, TSPI properly and timely filed the Petition for Review.

The CTA also stated that under Section 123 of the NIRC, as amended, a purely cooperative company may be exempt from the payment of tax on life insurance premiums upon satisfaction of the following requisites: (1) it is managed by its members; (2) it is operated with money collected

from its members; and (3) it is licensed for the mutual protection of its members, and not for the profit of anyone.

The mutuality of cooperation among TSPI's members and the promotion of the welfare of its own members makes a mutual benefit association similar to the "cooperative or association" being referred to in Section 123 of the NIRC, as amended. Hence, TSPI is deemed a cooperative company exempt from paying the assessed percentage tax.

Furthermore, the CTA held that compromise is, by its nature, mutual in essence. One party cannot impose it upon the other. Compromise penalties are only amounts suggested in settlement of criminal liability and may not be imposed or exacted on the taxpayer in the event of refusal to pay the suggested amount. Considering that there is no indication that TSPI consented to the compromise penalty, it cannot be sustained.

(TSPI Mutual Benefit Association, Inc. v. Commissioner of Internal Revenue, CTA Case No. 10691, October 14, 2025)

27. Prior to September 1, 2024, initiatory pleadings were required to be filed only by personal filing or through registered mail. Consequently, a Petition for Review filed via accredited courier will be deemed received by the CTA not as of the date of filing but on the actual date of receipt thereof.

Petitioner CIR received the subject Assailed Amended Decision on January 29, 2024, giving it fifteen (15) days after or until February 13, 2024 to file a Petition for Review with the CTA *En Banc*. The CIR filed a Motion for Extension of Time to File Petition for Review on February 13, 2024 which was granted giving the CIR fifteen (15) days from such date or until February 28, 2024 to file the Petition. However, the Petition was filed through an accredited courier on February 28, 2024 which was thereafter received by the CTA *En Banc* on February 29, 2024.

Section 14(a), Rule 13 of the 2019 Amendments to the 1997 Rules of Civil Procedure sets out that initiatory pleadings may only be filed through personal filing or by registered mail. Given that a Petition for Review before the CTA is an initiatory pleading, such must be filed in accordance with the abovementioned provision. Additionally, the Supreme Court has ruled that if an initiatory pleading is filed through a private courier, it shall be treated as if it was filed via ordinary mail where the date of actual receipt is deemed the date of filing. It was only on 1 September 2024 when the filing of initiatory pleadings via accredited courier was allowed under CTA *En Banc* Resolution No. 8-2024.

Since the Petition for Review was filed through an accredited courier on February 28, 2024, the actual date of receipt by the CTA on February 29, 2024 was treated as the date of filing. Thus, the Petition for Review was belatedly filed, warranting its outright dismisssal.

(Commissioner of Internal Revenue v. Halliburton Worldwide Limited-Philippine Branch, CTA EB No. 2873, October 14, 2025)

28. RA No. 10531 provides that an electric cooperative may: (i) choose to remain as a non-stock, non-profit cooperative ; (ii) convert into and register as a stock cooperative under the Cooperative Development Authority; or (iii) convert into and register as a stock cooperation registered under the SEC. The first option will grant an electric cooperative the benefits under PD No. 269, as amended by RA No. 10531.

Electric cooperatives registered with the National Electrification Administration ("NEA") under option 1 are still exempt from income tax. RA No. 10531, which amended PD No. 269, did not repeal the provision on the exemption from income tax of electric cooperative registered with the NEA.

Petitioner Misamis Oriental Rural Electric Service Cooperative, Inc. ("MORESCO 1") is a non-stock non-profit electric cooperative registered with, and under the direct control and supervision of the National Electrification Administration ("NEA"). It filed a Petition for Review praying for the CTA to nullify and cancel the FAN/FLD issued against it by Respondent CIR.

MORESCO 1 argued that it is permanently exempted from the payment of income tax pursuant to Section 39(a)(1) of PD No. 269, as amended, which is still effective and subsisting. Meanwhile, the CIR argues that the Petitioner's tax exemption ended in May 13, 1998, or thirty (30) years after its incorporation, based on RMC No. 74-2013 and the cases cited in the said RMC.

The CTA ruled in favor of MORESCO 1.

The CTA discussed that under Section 39(a)(1) of PD No. 269, electric cooperatives registered with the NEA are permanently exempted from paying income taxes, all national and local taxes, fees, charges, or costs involved in any court or administrative proceeding in which it may be a party, and all duties or imposts on foreign goods acquired for its operations for a period ending on 31 December of the 30th full calendar year after the date of its organization, or until it shall be completely free of indebtedness.

The CTA found that while these exceptions were later withdrawn by EO No. 93, the Fiscal Incentives Review Board Resolution No. 24-87 restored the tax and duty exemptions of electric cooperatives under PD No. 269, except that on income tax, income from electric service operations and other sources including the interest income from bank deposits and yield or any other monetary benefit from bank deposits and yield or any other similar arrangements shall remain taxable. Moreover, the Cooperative Code, as amended, granted similar incentives to cooperatives.

In this regard, the CIR argued that since MORESCO 1 is not registered with the Cooperative Development Authority ("CDA") for the taxable year in question, then it does not enjoy any of the

tax privileges under the Cooperative Code. The CTA held that the Respondent's argument is unmeritorious.

An examination of the Cooperative Code and its Implementing Rules and Regulations ("IRR") will show that an electric cooperative previously registered with the NEA may opt not to register with the CDA. Moreover, under RA No. 10531, an electric cooperative may: (i) choose to remain as a non-stock, non-profit cooperative; (ii) convert into and register as a stock cooperative under the CDA; or (iii) convert into and register as a stock cooperation registered under the SEC. If an electric cooperative elects the first option, it will be governed by the provisions of PD No. 269, as amended by RA No. 10531. However, it will not be entitled under the Cooperative Code. Regardless, the CTA found that RA No. 10531, which amended PD No. 269, did not repeal the provision for the exemption from income tax of electric cooperative registered with the NEA.

The CTA ruled that, since MORESCO 1 is registered with the NEA and, thus, exempt from income tax under PD No. 269, the deficiency tax assessment has no basis in law and should be cancelled.

(Misamis Oriental Rural Electric Service Cooperative, Inc. (MORESCO 1) v. Commissioner of Internal Revenue (CIR), CTA Case No. 10987, October 15, 2025)

29. To be liable for local franchise tax, the taxpayer must have a secondary or special franchise and must be exercising its rights or privileges under this franchise within the territory of the pertinent local government unit; The situs of taxation is the place where the privilege is exercised.

Petitioner National Transmission Corporation ("TransCo") filed a Petition for Review assailing the decision of the RTC of Tagum City ordering it to pay franchise tax for the years 2003 to 2008 to the Province of Davao del Norte.

In general, a province is authorized to impose a tax on businesses enjoying a franchise based on the incoming receipt, or realized, within its territorial jurisdiction. However, it cannot impose a tax on a business enjoying a franchise operating within the territorial jurisdiction of any city located within the province. Thus, to be liable for local franchise tax, the following requisites should concur: (1) that one has a 'franchise' in the sense of a secondary or special franchise; and (2) that it is exercising its rights or privileges under this franchise within the territory of the pertinent local government unit.

Moreover, the local franchise tax partakes of the nature of an excise tax; thus, the situs of taxation is the place where the privilege is exercised. In jurisprudence, the Supreme Court has disregarded the place where the taxpayer delivered its services and fixed the tax situs in the place where it has its principal office and from where it operates.

Applying the foregoing, the CTA held that TransCo has a special or secondary franchise for the transmission and subtransmission of electricity. However, there is no showing that TransCo's

principal office is located in the Province of Davao del Norte. While TransCo derived gross receipts from its transmission of electricity to Davao del Norte Electric Cooperative, Inc. ("DANECO"), TransCo cannot be considered operating in the Province of Davao del Norte through DANECO's distribution of electricity to said Province. Therefore, TransCo did not exercise the privilege of its franchise or conduct business in the Province of Davao del Norte and the imposition of local franchise tax on it is unwarrranted.

(National Transmission Corporation v. Province of Davao Del Norte and Province of Compostela Valley, CTA AC No. 298, October 15, 2025)

BIR ISSUANCES HIGHLIGHTS

1. Imposition of one-half percent (1/2 %) CWT on gross payment by top withholding agents to the manufacturers and direct importers of the following goods intended for wholesale: (a) motor vehicles in Completely Built Units (CBUs) or Semi-Knockdown (SKD) units, motor vehicle parts and accessories; (b) pharmaceutical products; and (c) solid or liquid fuels and related products.

Section 2.57.2.(I) of RR No. 2-98, as amended, is further amended subjecting income payments made by any of the top withholding agents, including non-resident aliens engaged in trade or business in the Philippines, to the manufacturers and direct importers, whether by individuals or corporations, of the following goods intended for wholesale, to creditable withholding tax ("CWT") of one-half percent (1/2%):

a) motor vehicles in Completely Built Units (CBUs) or Semi-Knockdown (SKD) units, motor vehicle parts and accessories;
b) pharmaceutical products; and
c) solid or liquid fuels and related products.

(Revenue Regulations No. 024-2025, September 25, 2025)

2. Amendment of Section V of RMO No. 33-2024, *i.e.*, "*The date of the destruction shall be scheduled on a regular working day and within business hours, or any day as may be determined efficient to conduct destruction.*"

RMO No. 041-2025 amended Section V of RMO No. 33-2024 on the Modes of Disposition of Seized/Forfeited Articles to read as follows:

"5. Destruction

The Seized/Forfeited Articles subject of destruction shall not be destroyed until at least twenty (20) days after seizure.

a. Before the Destruction Proper

i. The date of the destruction shall be scheduled on a regular working day and within business hours, or any day as may be determined efficient to conduct destruction.

xxx."

(Revenue Memorandum Order No. 041-2025, September 25, 2025)

3. Extension of deadlines until October 31, 2025 for filing of tax returns, payment of taxes, and submissions of documents falling due within the month of October 2025 for the RDOs in Cebu affected by the earthquake last September 30, 2025.

In light of the earthquake in Cebu last September 30, 2025, the BIR extended all deadlines for the filing of tax returns and payment of the corresponding taxes due thereon, as well as the submission of reports, attachments, and other documents required under existing revenue issuances, falling within the month of October 2025 **until October 31, 2025** in the following Revenue District Offices ("RDO"):

1. RDO No. 80 – Mandaue City, Cebu
2. RDO No. 81 – Cebu City North
3. RDO No. 82 – Cebu City South
4. RDO No. 83 – Talisay City, Cebu
5. RDO No. 123 – Large Taxpayers Division – Cebu

RMC No. 88-2025 provides an **Annex A** listing the extended deadlines for the submission or filing of specific forms/returns and payment of taxes due thereon.

Covered taxpayers shall not be subject to penalties, surcharges, and interest, provided the concerned tax returns, payments, and submissions are made within the extended period.

(Revenue Memorandum Circular No. 088-2025, October 2, 2025)

4. Temporary suspension of the posting of a bond under as required under Section 160 of the NIRC for the importation of petroleum products or production of the same in local refineries, subject to certain conditions.

RR No. 25-2025 temporarily suspends the implementation of the requirement of posting a bond under Section 160 of the NIRC, provided that:

1. The importer/manufacturer is duly registered with the BIR and the Bureau of Customs (BOC);

2. The importer/manufacturer has a record of substantial compliance with tax law and customs regulations;
3. The importer must secure an Authority to Release Imported Goods (ATRIG) from the BIR by electronically filing an application via the Philippine National Single Window system prior to the release of imported petroleum products from customs custody or their withdrawal from local refineries; and
4. The importer shall submit to the BIR and BOC a monthly report all of importations covered under these Regulations, including quantities, invoice values, and corresponding tax payments.

This suspension shall be in effect until such time that the Anti-Red Tape Authority has decided that it is necessary to propose amendments to Section 160 of the NIRC, or that there is a necessity due to change in behavior of industry players.

(Revenue Regulations No. 25-2025, October 3, 2025)

5. Circularizing a copy of RA No. 12553, otherwise known as the "Enhanced Fiscal Regime for Large-Scale Metallic Mining Act".

RA No. 12553, also known as "Enhanced Fiscal Regime for Large-Scale Metallic Mining Act", introduced several amendments to the National Internal Revenue Code applicable to all large-scale metallic mining operations, including the following:

1. Section 151-A on the imposition of royalties on large-scale metallic operations, or the exploration, development, and utilization of metallic minerals under a mineral agreement or financial or technical assistance agreement;

2. Section 151-B on the imposition of Windfall Profits Tax on large-scale metallic mining operations subject of any mineral agreement or financial or technical assistance agreement; and

3. Section 151-C on the treatment of metallic mining contractors as a separate taxable entity with respect to each mineral agreement or financial or technical agreement that it holds and/or operates.

(Revenue Memorandum Circular No. 90-2025, October 7, 2025)

6. Clarification on the documentary requirements for Business Registration being signed by the Assistant Corporate Secretary of a Corporation.

To reduce the administrative burden and simplify the processes, the BIR shall accept Board Resolutions and Secretary's Certificates signed by the Assistant Corporate Secretary as part of the documentary requirements for the registration of businesses.

(Revenue Memorandum Circular No. 91-2025, October 8, 2025)

7. Realignment of jurisdictional areas of RDOs under the Bangsamoro Autonomous Region in Muslim Mindanao

Revenue Region Nos. 15- Zamboanga City, 16 – Cagayan De Oro City and 18 – South Central Mindanao shall be reorganized as follows:

A. Revenue Region No. 15 – Zamboanga City

RDO No. 91 – Dipolog City, Zamboanga del Norte
RDO No. 92 – Pagadian City, Zamboanga del Sur
RDO No. 93A - Zamboanga jCity, Zamboanga del Sur
RDO No. 93B – Ipil, Zamboanga Sibugay
RDO No. 94 – Isabela City (Non-BARMM)/Basilan (BARMM)
RDO No. 95 – Jolo, Sulu
RDO No. 96 – Bongao, Tawi-Tawi (BARMM)

B. Revenue Region No. 16 – Cagayan de Oro City

RDO No. 97 – Gingoog City, Misamis Oriental
RDO No. 98 – Cagayan de Oro City, Misamis Oriental
RDO No. 99 – Malaybalay City, Bukidnon
RDO No. 100 – Ozamiz City, Misamis Occidental
RDO No. 101 – Iligan City, Lanao del Norte
RDO No. 102 – Marawi City, Lanao del Sur (BARMM)

C. Revenue Region No. 18 – South Central Mindanao

RDO No. 107 – Cotabato City (BARMM)
RDO No. 108 – Kidapawan City, North Cotabato (Non-BARMM)/
Special Geographic Area (SGA) (BARMM)
RDO No. 108 – Tacurong City, Sultan Kudarat
RDO No. 110 – General Santos City, South Cotabato
RDO No. 111 – Koronadal City, South Cotabato

(Revenue Administrative Order No. 5-2025, October 8, 2025)

8. Amended Procedures on the Sale of Loose Documentary Stamps by Revenue Collection Officers and Special Collection Officers.

The sale of loose documentary stamps shall be made by Revenue Collection Officers ("RCO") at their respective RDOs and Special Collection Officers ("SCO") at their respective Revenue Regional Offices/National Office, subject to the following policies:

1. For minor purchases, specifically those amounting to Php200 and below, the taxpayer or their representative must complete the prescribed Request for Loose Documentary Stamps form, on which the issuing officer must indicate the serial number of the stamp.

2. Bulk purchases exceeding Php200 require a request letter complete with a photocopy of a valid government-issued identification and specimen signature.
   a. This letter must detail the requesting party's name, address, Taxpayer Identification Number ("TIN"), the exact number of stamps required, the intended purpose, and the name of the taxable document on which the stamps will be affixed.
   b. Specific requirements are also mandated for notaries public, including their Roll of Attorney's Number and commission details.

3. In subsequent purchases of bulk loose documentary stamps by the taxpayer, the RCO/SCO shall require the liquidation of the previously purchased stamps. In case of a single piece of loose documentary stamp, the RCO/SCO shall require the presentation of the original taxable document, affixture of the loose documentary stamp, and cancellation of the stamp.

4. The RCO/SCO shall not issue a Revenue Official Receipt for sales of loose documentary stamps.

5. DST collections must be remitted frequently, such as at least weekly or upon accumulating Php10,000.00 in collections.

6. The RCO must file a single Monthly Documentary Stamp Tax Declaration/Return through the electronic Filing and Payment System of the Bureau of Internal Revenue, utilizing the RDO's TIN, no later than the 5th day of the succeeding month.

(Revenue Memorandum Order No. 42-2025, October 9, 2025)