

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SECOND DIVISION

PANGASINAN I ELECTRIC
COOPERATIVE (PANELCO I),
Petitioner,

CTA CASE NO. 11797

Members:

- versus -

BACORRO-VILLENA, Chairperson,
CUI-DAVID, and
TESTON, JJ.

COMMISSIONER OF
INTERNAL REVENUE,
Respondent.

Promulgated: _____

2:30 PM


x ----- x

RESOLUTION

For the Court's resolution is respondent Commissioner of Internal Revenue's (**respondent's/CIR's**) "Motion for Reconsideration (*Re: Resolution promulgated on 17 April 2026*)"¹ (**MR**), filed on 14 May 2026, assailing this Court's Resolution² dated 17 April 2026 (**assailed Resolution**), the dispositive portion of which reads:

...
WHEREFORE, premises considered,

1. The *Extremely Urgent Prayer for Issuance of Temporary Suspension Order and/or Suspension Order Enjoining the Collection of Taxes* incorporated in petitioner Pangasinan I Electric Cooperative (PANELCO I)'s Petition for Review is hereby **DENIED** for being moot and academic, as there is no collection effort to suspend in the first place, the right of respondent Commissioner of Internal Revenue to institute the same having prescribed.
2. The Petition for Review filed by petitioner Pangasinan I Electric Cooperative (PANELCO I) on 12 March 2025 is hereby **GRANTED**. As such, the respondent Commissioner of Internal Revenue's collection effort through the proceedings before this

¹ Division Docket, Volume III, pp. 1092-1101.
² Id., pp. 1077-1090.

Court is declared **VOID** for having been instituted beyond the prescriptive period for collection of the subject deficiency taxes.

3. Respondent Commissioner of Internal Revenue, including any of the latter’s authorized officers, agents, or representatives, is hereby **PERMANENTLY ENJOINED** from collecting the deficiency taxes subject of this case.

SO ORDERED.

...

In the assailed Resolution, this Court found that respondent’s right to collect the deficiency taxes is already time-barred, hence the dismissal of the case *motu proprio* on the ground of prescription. As a result, petitioner Pangasinan I Electric Cooperative (PANELCO I)’s (**petitioner’s**) *Extremely Urgent Prayer for Issuance of Temporary Suspension Order and/or Suspension Order Enjoining the Collection of Taxes (Motion for Suspension)* and its “Petition for Review”³ have both been granted.

In his or her MR, respondent proffers that it was denied the right to be heard when, instead of proceeding to trial, this Court disposed of the case on the ground of prescription. Respondent then counters that the prescriptive period to collect deficiency taxes is five (5) years instead of three (3) years, and that said prescriptive period for collection has not yet lapsed because “[p]etitioner’s filing of the Request for Reconsideration to the CIR has the effect of suspending the prescriptive period to collect.”

On 24 June 2026, petitioner Pangasinan I Electric Cooperative (PANELCO I) (**petitioner**) filed its “Comment/Opposition [To Respondent’s Motion for Reconsideration dated May 14, 2026]”,⁴ echoing the ruling of this Court in the assailed Resolution.

We resolve.

Upon examination of the respondent’s MR, **this Court remains unconvinced**, as all of respondent’s proffered arguments clearly lack merit.

³ Id., Volume I, pp. 7-75.
⁴ Id., Volume III, pp. 1106-1118.

RESOLUTION

CTA CASE NO. **11797**

Pangasinan I Electric Cooperative (PANELCO I) v. Commissioner of Internal Revenue

Page 3 of 7

X-----X

ON THE ALLEGED PRESCRIPTIVE
PERIOD TO COLLECT OF FIVE (5)
YEARS

In the 2025 case of *Commissioner of Internal Revenue v. Standard Insurance Co., Inc.*⁵ (**Standard Insurance**), the Supreme Court could not have been more unequivocal that the prescriptive period to collect deficiency taxes is **three (3) years** from the date of assessment:

...

*a. Prescriptive periods for assessment
and collection under the NIRC*

The NIRC of 1997, as amended, provides in general that internal revenue taxes must be assessed within three years from the last day prescribed by law for the filing of the return or from the actual date of filing, if later, except in cases of false or fraudulent returns or failure to file a return where a 10-year period applies. In other words, the BIR normally has three years to assess a tax, unless exceptional circumstances justify a longer period. **When an assessment is issued within this ordinary three-year period, the government is not given an indefinite time to collect the tax. Rather, the CIR has a correspondingly limited period of three years from the date of assessment to collect the tax by distraint, levy, or court proceeding.** In *Commissioner of Internal Revenue v. Court of Tax Appeals Second Division*, the Court clarified that **the five-year collection period provided in Section 222 (c) of the NIRC applies only to assessments issued under the extraordinary 10-year prescriptive period, such as in cases of a false or fraudulent return or a failure to file a return, or when the normal period is extended by a valid waiver. For assessments made within the standard three-year period, the proper period for the BIR to initiate collection is three years** from the time the assessment notice is released, mailed, or sent to the taxpayer.

...

The Supreme Court's pronouncement in *Standard Insurance* is express, clear, and unambiguous, leaving nothing open to interpretation. This being the case, there is nothing left for this Court to do but apply the three (3)-year prescriptive period, as shown in the disquisition in the assailed Resolution. Respondent only has three (3) years from the date of the assessment within which to collect the tax either by judicial or extrajudicial measures.

⁵ G.R. No. 259729, 17 November 2025; Emphasis and underscoring supplied, citations omitted, italics in original text.

RESOLUTION

CTA CASE NO. **11797**

Pangasinan I Electric Cooperative (PANELCO I) v. Commissioner of Internal Revenue

Page 4 of 7

X-----X

Accordingly, **respondent's argument that the prescriptive period to collect deficiency taxes is five (5) years is not supported by law and jurisprudence.**

ON THE ALLEGED TOLLING OF THE
PRESCRIPTIVE PERIOD TO COLLECT

To recall, this Court, in the assailed Resolution, discussed that in his or her "Comment/Opposition (Re: Petitioner's Extremely Urgent Prayer for Issuance of Temporary Suspension Order and/or Suspension Order Enjoining the Collection of Taxes)"⁶ and "Answer with Opposition (Re: *Petition for Review [Extremely Urgent Prayer for Issuance of Temporary Suspension Order and/or Suspension Order Enjoining the Collection of Taxes] dated March 7, 2025*)",⁷ respondent anchors his or her claim that the assessment has not prescribed on the allegation that petitioner requested for a **reinvestigation** of the findings in the Formal Letter of Demand with Final Assessment Notice (**FLD/FAN**).

In the assailed Resolution, We have adequately addressed this issue and ruled that petitioner's "Reply to the Formal Letter of Demand Issued to Pangasinan I Electric Cooperative for the Tax Examination Covering Taxable Year Ended December 31, 2016" was a request for **reconsideration**, not for reinvestigation, and thus, did not toll the prescriptive period to collect deficiency taxes.

Interestingly, in its MR, respondent continued to invoke suspension of the prescriptive period to collect, but this time, changing gears, averred that it is not the filing of the request for reconsideration of the FLD/FAN but the filing of the Request for Reconsideration⁸ of the Final Decision on Disputed Assessment (**FDDA**) which tolled the prescriptive period to collect deficiency taxes.

Section 223 of the National Internal Revenue Code (**NIRC**) of 1997, as amended (**Tax Code**), enumerates the instances wherein the running of the prescriptive period for assessment and collection of taxes shall be suspended:

⁶ Division Docket, Volume I, pp. 84-104.

⁷ Id., pp. 244-269.

⁸ Exhibit "P-16", id., Volume II, pp. 851-874.

RESOLUTION

CTA CASE NO. **11797**

Pangasinan I Electric Cooperative (PANELCO I) v. Commissioner of Internal Revenue

Page 5 of 7

X-----X

...

SEC. 223. Suspension of Running of Statute of Limitations. - The running of the Statute of Limitations provided in Sections 203 and 222 on the making of assessment and the beginning of distraint or levy or a proceeding in court for collection, in respect of any deficiency, shall be suspended for the period during which the Commissioner is prohibited from making the assessment or beginning distraint or levy or a proceeding in court and for sixty (60) days thereafter; when the taxpayer requests for a reinvestigation which is granted by the Commissioner; when the taxpayer cannot be located in the address given by him in the return filed upon which a tax is being assessed or collected: Provided, that, if the taxpayer informs the Commissioner of any change in address, the running of the Statute of Limitations will not be suspended; when the warrant of distraint or levy is duly served upon the taxpayer, his authorized representative, or a member of his household with sufficient discretion, and no property could be located; and when the taxpayer is out of the Philippines.

...

Clearly, the Tax Code provides for a finite number of grounds on which a suspension of the running of the statute of limitations is based, namely:

1. When the taxpayer requests for a reinvestigation, which is granted by the CIR;
2. When the taxpayer cannot be located in the address given by him in the return filed;
3. When the warrant of distraint or levy is duly served upon the taxpayer, and no property could be located; and
4. When the taxpayer is out of the Philippines.

Nowhere in the Tax Code is it stated that the filing of an administrative appeal to the CIR on the FDDA tolled the prescriptive period to collect deficiency taxes. Therefore, **respondent's contention that the filing of an administrative appeal on the FDDA tolled the prescriptive period for collection of taxes likewise lacks legal basis.**

ON THE ALLEGED DENIAL OF
RESPONDENT'S RIGHT TO BE HEARD
DUE TO THE DISPOSAL OF THE CASE

As already discussed exhaustively in the assailed Resolution, this Court is empowered to dismiss a case *motu proprio* when the same is barred by the statute of limitations, to wit:

... SEC. 1. *Defenses and objections not pleaded.* — Defenses and objections not pleaded either in a motion to dismiss or in the answer are deemed waived. However, **when it appears from the pleadings or the evidence on record** that the court has no jurisdiction over the subject matter, that there is another action pending between the same parties for the same cause, or **that the action is barred** by a prior judgment or **by statute of limitations, the court shall dismiss the claim.**⁹

...

In the case at bar, it is already apparent from the pleadings, as well as in the evidence formally offered by petitioner to support its Motion for Suspension and accordingly admitted by this Court in the assailed Resolution, that respondent's right to collect the deficiency taxes has prescribed.

Accordingly, and to repeat Our statement in the assailed Resolution, where prescription has clearly set in and no valid cause for tolling of the period exists, as in this case, it becomes legally pointless to proceed to trial. To litigate further on the merits of petitioner's alleged deficiency taxes, which have already been extinguished by the passage of time, would be an exercise in futility.

WHEREFORE, premises considered, respondent Commissioner of Internal Revenue's "Motion for Reconsideration (*Re: Resolution promulgated on 17 April 2026*)" filed on 14 May 2026 is hereby **DENIED** for lack of merit.

⁹ Section 1, Rule 9 of the Rules of Civil Procedure, as amended by the 2019 Amendments to the 1997 Rules of Civil Procedure (A.M. No. 19-10-20-SC); Emphasis and underscoring supplied.

RESOLUTION

CTA CASE NO. **11797**

Pangasinan I Electric Cooperative (PANELCO I) v. Commissioner of Internal Revenue

Page 7 of 7

x-----x

SO ORDERED.


JEAN MARIE A. BACORRO-VILLENA
Associate Justice


LANEE S. CUI-DAVID
Associate Justice


PAOLO S. TESTON
Associate Justice