

**REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY**

EN BANC

RONALDO REYES CRUZ,
Petitioner,

CTA EB NO. 3055
(CTA CASE NO. 10404)

Present:

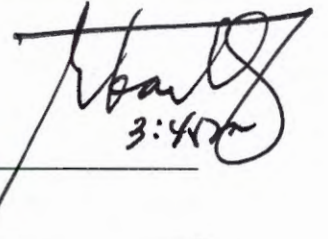
- versus -

**COMMISSIONER OF
INTERNAL REVENUE and
REGISTER OF DEEDS FOR
THE PROVINCE OF BULACAN
(MEYCAUAYAN BRANCH),**
Respondents.

**RINGPIS-LIBAN, P.J.,
BACORRO-VILLENA,
MODESTO-SAN PEDRO,
REYES-FAJARDO,
CUI-DAVID,
FERRER-FLORES,
ANGELES,
TESTON, and
CENTENO-DIJAMCO, JJ.**

Promulgated:

AUG 24 2026


3:47

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DECISION

ANGELES, J.:

Before the Court of Tax Appeals (CTA) *En Banc* (CTA *En Banc*) is a *Petition for Review*¹ filed by Ronaldo Reyes Cruz (Petitioner) on January 8, 2025, praying that the instant *Petition* be given due course, and that the Decision² dated April 11, 2024 (Assailed Decision) and Resolution³ dated December 11, 2024 (Assailed Resolution) rendered by the CTA Special Third Division (CTA Division) in CTA Case No. 10404 entitled, *Ronaldo Reyes Cruz v. Commissioner of Internal*

¹ EB Docket, pp. 48 to 75.

² EB Docket, pp. 77 to 89, Penned by Associate Justice Corazon G. Ferrer-Flores, and concurred by Associate Justice Ma. Belen M. Ringpis-Liban, and Associate Justice Rowena Modesto-San Pedro.

³ EB Docket, pp. 91 to 95.

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Revenue and Register of Deeds for the Province of Bulacan (Meycauayan Branch) be reversed and set aside.

THE PARTIES

Petitioner is of legal age, Filipino, married to Maria Victoria S. Cruz, and a resident of 171 Poblacion Road, Minuyan, Norzagaray, Bulacan.⁴

On the other hand, the respondents are the following: the Commissioner (CIR) of the Bureau of Internal Revenue (BIR), who is being sued in his official capacity, having the powers and duties provided for in the National Internal Revenue Code of 1997 (Tax Code); and the Register of Deeds for the Province of Bulacan (Meycauayan Branch), who is a public officer charged with the functions of registration and preservation of documents affecting titles of land in the province wherein such office is situated.⁵

THE FACTS

The following are the facts as found and narrated by the CTA Division in the Assailed Decision:⁶

ANTECEDENTS (ADMINISTRATIVE LEVEL)

On March 22, 2013, on the basis of a third party information, petitioner's spouse received a *Letter Notice* (LN) (LN No. 25-B-RLF-11-00-00037 dated March 18, 2013) from respondent for alleged discrepancies in the VAT returns for TY 2011. The said LN referred petitioner to a certain Revenue Officer (RO) Noviemae S. Singson of the RDO No. 25B-Sta Maria, Bulacan (now East Bulacan District) to present on April 8, 2013 any documentary evidence in connection therewith.

After receipt of the LN by petitioner, he did not receive any other notices from the RDO No. 25B-Sta. Maria, Bulacan. Notably, petitioner did not receive any *Letter of Authority* (LOA) from respondent but only the LN.

RO Singson under Group Supervisor (GS) Victor Allan M. Tago continued the audit investigation/examination against

⁴ Par. 7, The Parties, *Petition for Review*, EB Docket, p. 49.

⁵ Pars. 8 to 9, The Parties, *Petition for Review*, EB Docket, p. 50.

⁶ Division Docket, pp. 258 to 261.

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petitioner, despite the absence of an LOA or the conversion of the LN into an LOA.

On May 27, 2014, a distant relative/niece of petitioner, Ms. Ronalynn Caoile, received a copy of the *Assessment Notice* No. 33665, with attached FLD dated May 19, 2014 for TY 2011, informing petitioner that he is liable for deficiency income tax and VAT in the total amount of P2,655,637.90, inclusive of surcharge and interests, for TY 2011. Petitioner actually received from Ms. Caoile the said *Assessment Notice* and FLD on June 2, 2014.

On June 26, 2014, petitioner filed a letter of protest to and request for reinvestigation of the said final assessment notice to the Office of the Regional Director (RD), Revenue Region No. 5, Caloocan.

Petitioner's request for reinvestigation was granted by then RD Gerardo R. Florendo, in a letter dated July 24, 2014; hence, petitioner's docket was forwarded to RDO No. 25B-Sta. Maria, Bulacan for the conduct of reinvestigation.

During the reinvestigation stage, it was the new RO Jaydee P. Gomez who conducted the reinvestigation, but the latter did not present an LOA for this purpose.

Thereafter, petitioner's tax case was forwarded to the Collection Division of Revenue Region 5-Caloocan for the collection enforcement of P2,655,637.90 as indicated in the *Assessment Notice* by way of summary remedies.

On August 25, 2015, petitioner personally received the WDL dated August 18, 2015 from the BIR.

Subsequently, the BIR annotated a tax lien with the Registry of Deeds for the Province of Bulacan (Meycauayan Branch), in the two (2) real properties registered under petitioner's name, particularly, TCT No. T-59023 P(M) and OCT No. P-9201(M), which are both located at Minuyan, Norzagaray, Bulacan. TCT No. T-59023 P(M) was eventually cancelled and replaced by TCT No. 040-2018021688 in the name of the Republic of the Philippines.

In the letter dated March 31, 2016, BIR informed petitioner that the Forfeited Assets Management Team (FAMT) scheduled the auction of all seized and forfeited assets of delinquent taxpayers, which included the above-mentioned two (2) real properties of petitioner.

The BIR then proceeded with the sale at public auction of TCT No. T-59023 P(M) and OCT No. P-9201(M), and alleged that since no bidder appeared, nor the highest offered bid was sufficient to pay the delinquent taxes of petitioner, the subject properties were forfeited in favor of the Government of the Republic of the Philippines.

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On April 5, 2017, petitioner reiterated his protest-objection in its letter to the Officer-in-Charge (OIC)-RD regarding the enforcement of collection by the BIR.

Petitioner filed the letter, dated August 4, 2019, with the OIC-Chief, Collection Division on August 5, 2019 requesting for the availment of Tax Amnesty Program of the Government; however, the same was not granted by respondent.

On October 8, 2020, petitioner, invoking the ruling in the case of *Medicard Philippines, Inc. vs. Commissioner of Internal Revenue*, filed another protest-letter dated October 5, 2020 with the BIR.

PROCEEDINGS BEFORE THIS COURT

On November 17, 2020, petitioner filed its *Petition for Review*.

Respondent filed his *Answer* on January 27, 2021.

In the Resolution dated February 3, 2021, the parties were ordered to immediately proceed and to personally appear, or through authorized representative, before the Philippine Mediation Center-Court of Tax Appeals (PMC-CTA). The parties, however, decided not to have their case mediated by the PMC-CTA. Thus, in the Resolution dated June 28, 2021, the Court set the Pre-Trial Conference on September 15, 2021.

In the meantime, on June 16, 2021, petitioner filed his *Pre-Trial Brief*, while the *Pre-Trial Brief for the Respondent* was submitted on October 21, 2021.

On October 21, 2021, respondent transmitted the *BIR Records* for this case.

Per the Resolution dated November 12, 2021, the scheduled Pre-Trial Conference was reset to, and held on, March 17, 2021.

On April 13, 2022, the parties filed their *Joint Stipulation of Facts and Issues*, which was admitted and approved by the Court in its Resolution dated April 21, 2022, thereby deeming the termination of the Pre-Trial. The Pre-Trial Order dated May 5, 2022 was then issued.

Subsequently, trial ensued and the parties presented their respective pieces of documentary and testimonial evidence. On April 11, 2023 the case was submitted for decision.⁷

⁷ Minute Resolution, Division Docket, p. 253.

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Thus, on April 11, 2024, the Assailed Decision was promulgated. The dispositive portion⁸ of which provides:

Assailed Decision (April 11, 2024)

WHEREFORE, premises considered, the present *Petition for Review* is **DISMISSED** for this Court's lack of jurisdiction.

In sum, the CTA Division dismissed the case before it for failure of petitioner to file a petition for review within thirty (30) days from its receipt of the Warrant of Dstraint and/or Levy (WDL). Considering that petitioner previously and personally received such WDL on August 25, 2015, he then had thirty (30) days therefrom or until September 24, 2015 within which to elevate the same to the CTA. Since petitioner only filed his *Petition for Review*⁹ on November 17, 2020, the Court *a quo* concluded that petitioner slept on his right, thereby rendering the Court *a quo* without jurisdiction to hear the petition.

Petitioner received a copy of the Assailed Decision on May 17, 2024.¹⁰ He thereafter filed a *Motion for Reconsideration*¹¹ (MR) on May 30, 2024, which was eventually denied in the Assailed Resolution. The dispositive portion¹² of which is reproduced below, *viz.*:

Assailed Resolution (December 11, 2024)

WHEREFORE, premises considered, petitioner's Motion for Reconsideration is **DENIED** for lack of merit.

SO ORDERED.

On December 19, 2024, petitioner received a copy of the Assailed Resolution.¹³

⁸ Division Docket, p. 267.

⁹ Division Docket, pp. 7 to 28.

¹⁰ Notice of Decision, Division Docket, p. 255.

¹¹ Division Docket, pp. 269 to 281.

¹² Division Docket, p. 298.

¹³ E-mail transmittal of the Assailed Resolution, Division Docket, p. 293.

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THE PROCEEDINGS BEFORE THE CTA *EN BANC*

On December 23, 2024, petitioner filed a *Motion for Extension of Time [to File Petition for Review]*.¹⁴ The Court granted the same, and petitioner was given until January 18, 2025 within which to file its appeal.¹⁵

Within the extended period, the present *Petition for Review*¹⁶ was filed on January 8, 2025. The same was likewise duly electronically filed on the next day, January 9, 2025. Consequently, the Court directed herein respondent to file its comment to the petitioner for review within ten (10) days from notice.¹⁷ However, respondent failed to do so,¹⁸ and the Court noted the same in a Resolution dated May 8, 2025.¹⁹ In the same Resolution, the case was likewise submitted for decision.

THE ASSIGNMENT OF ERRORS²⁰

In sum, in support of the present Appeal, petitioner claims that the CTA Division seriously erred when it decided the case not in accordance with law and applicable jurisprudence when: a) it dismissed the same due to procedural lapse; b) it did not rule that the thirty (30) day period to appeal does not apply to a void assessment; and when c) it did not exercise equity jurisdiction over the matter.

THE ARGUMENTS

*Petitioner's arguments*²¹

Petitioner contends that the assessment issued against him for taxable year (TY) 2011 is void *ab initio* as the revenue officers assigned in the audit investigation were not armed with a proper Letter of Authority (LOA). Consequently, such assessment cannot be used as basis for the collection enforcement resulting to the issuance of a WDL against him and his properties.

¹⁴ EB Docket, p. 1 to 5.

¹⁵ Notice dated January 2, 2025, EB Docket, p. 47.

¹⁶ EB Docket, pp. 48 to 75.

¹⁷ Notice dated February 3, 2025, EB Docket, p. 225.

¹⁸ *Records Verification*, EB Docket, p. 226.

¹⁹ EB Docket, p. 227.

²⁰ Statement of Questions of Law Involved in Support of the Petition, *Petition for Review*, EB Docket, p. 57.

²¹ Discussion, *Petition for Review*, EB Docket, pp. 57 to 71.

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Petitioner claims that in view of the special jurisdiction of the CTA on “other matters arising under the Tax Code and other laws administered by the BIR” as provided in Republic Act (RA) No. 1125 (CTA Law), the Court has authority to nullify the void assessment and the resulting invalid WDL. Petitioner further stretches that such expanded jurisdiction on “other matters” has given the Court the legal power to exercise appellate jurisdiction, **at any time**, to take cognizance and declare the nullity of the entire collection process.

Although petitioner is aware of the jurisdictional and mandatory rule on the strict observance of the general rule to timely file an appeal, he maintains that since the Court has an inherent power to nullify an illegal assessment under “other matters”, the latter also has the inherent authority and power to admit exceptions to the general rule of the thirty (30)-day period to appeal. Furthermore, he claims that in the higher interest of substantial justice, the CTA may exercise equity jurisdiction.

Additionally, petitioner specifically claims that a void WDL which emanated from void assessment is an exception to thirty (30)-day period to appeal. A void assessment similarly resulting to a void WDL is equivalent to a void judgment – as such, it has never become final, executory, and demandable. Since a void judgment can never attain finality, this is an exception to the doctrine of immutability of judgment and/or the doctrine of total nullity.

Finally, petitioner argues that the technical period to appeal must yield to substantial justice, and that litigations should, as much as possible, be decided on their merits and not on mere technicalities. Thus, a suspension of the Rules is warranted as it will relieve him from an injustice not commensurate with his failure to comply with the prescribed procedure.

Respondents’ counter-arguments

On the other hand, both respondents, despite being previously directed, unfortunately failed to submit any counter-arguments by way of a comment on petitioner’s *Petition for Review* as evidenced by this Court’s *Records Verification* dated April 11, 2025.

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**TIMELINESS OF THE APPEAL
BEFORE THE CTA *EN BANC***

***The present Petition for
Review was timely filed***

As provided in Rule 8 of the Revised Rules of the Court of Tax Appeals (RRCTA),²² a party adversely affected by a ruling, decision, or resolution of the CTA Division may elevate the matter, on appeal, to the CTA *En Banc* within fifteen (15) days from receipt thereof, to wit:

**RULE 8
PROCEDURE IN CIVIL CASES**

SEC. 3. *Who may appeal; period to file petition. —*

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(b) A party adversely affected by a decision or resolution of a Division of the Court on a motion for reconsideration or new trial may appeal to the Court by filing before it a petition for review **within fifteen days from receipt of a copy of the questioned decision or resolution.** Upon proper motion and the payment of the full amount of the docket and other lawful fees and deposit for costs before the expiration of the reglementary period herein fixed, the Court may grant an additional period not exceeding fifteen days from the expiration of the original period within which to file the petition for review. (*Rules of Court, Rule 42, sec. 1a*) (*Emphasis supplied*)

Moreover, prior to the filing an appeal before the CTA *En Banc*, it is crucial that a motion for reconsideration or new trial was previously filed before the CTA Division.²³ In the event that the adverse

²² Rules of the Court of Tax Appeals - approved by the Supreme Court on November 22, 2005 (A.M. No. 05-11-07-CTA); Amendments to the 2005 Rules of Court of the Court of Tax Appeals - approved by the Supreme Court on September 16, 2008 (A.M. No. 05-11-07-CTA); and Additional Amendments to the 2005 Revised Rules of the Court of Tax Appeals – approved by the Supreme Court on February 10, 2009 (A.M. No. 05-11-07-CTA).

²³ RULE 8, PROCEDURE IN CIVIL CASES, RRCTA
SECTION 1. *Review of cases in the Court en banc.* — In cases falling under the exclusive appellate jurisdiction of the Court *en banc*, the petition for review of a decision or resolution of the Court in Division must be preceded by the filing of a timely motion for reconsideration or new trial with the Division. (*n*)

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party failed to do so, jurisprudence dictates that such failure may be a ground for dismissal.²⁴

As previously stated, petitioner received a copy of the Assailed Decision on May 17, 2024.²⁵ Subsequently, petitioner filed an MR²⁶ on May 30, 2024, which was denied in the Assailed Resolution it received on December 19, 2024.

Immediately thereafter, petitioner filed a *Motion for Extension of Time [to File Petition for Review]*²⁷ on December 23, 2024. The Court granted the same and petitioner was given until January 18, 2025 within which to file its appeal.²⁸ Within the extended period granted, petitioner timely filed the present appeal, and with the proper electronic transmittal, as required by law.

Following the fifteen (15)-day reglementary period to file an appeal before the CTA *En Banc* as required by the RRCTA, the Court finds that the present *Petition for Review* was filed on time.

Hence, this Decision.

THE RULING

Upon careful review and consideration, the present *Petition for Review* lacks merit.

The CTA Division correctly dismissed the case before it as it was evidently filed out of time

To recall, the CTA Division dismissed the *Petition for Review* filed before it for lack of jurisdiction. It pronounced that petitioner slept on his right when he failed to timely appeal the WDL, thereby rendering the Court without any jurisdiction to hear such appeal.

²⁴ *Asiatruster Development Bank, Inc. v. Commissioner of Internal Revenue*, G.R. Nos. 201530 & 201680-81, April 19, 2017.

²⁵ Notice of Decision, Division Docket, p. 255.

²⁶ Division Docket, pp. 269 to 281.

²⁷ EB Docket, p. 1 to 5.

²⁸ Notice dated January 2, 2025, EB Docket, p. 47.

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We find no reason to disturb such finding.

It is well-settled that the **appellate jurisdiction of courts is conferred by law**, and that the latter only acquires jurisdiction over the subject matter and parties when an appeal is perfected.²⁹ More importantly, **jurisdiction over the subject matter is what gives the court the power to hear and determine cases** of the general class to which the proceedings in question belong.³⁰

Essentially, a review of RA No. 1125,³¹ as amended by RA No. 9282,³² or the law governing the CTA is in order. Accordingly, Section 7 of the same is the key instructive provision which enumerates the *subject matter* jurisdiction of the CTA – providing that the latter has exclusive appellate jurisdiction over decisions or inactions of the CIR in relation to disputed assessments or refunds, as well as over other matters arising from the Tax Code or other laws administered by the BIR, among others, to wit:

SEC. 7. *Jurisdiction.* – The CTA shall exercise:

(a) Exclusive appellate jurisdiction to review by appeal, as herein provided:

(1) Decisions of the Commissioner of Internal Revenue in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue;

(2) Inaction by the Commissioner of Internal Revenue in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue, where the National Internal Revenue Code provides a specific period for action, in which case the inaction shall be deemed a denial;

²⁹ *Regulus Development, Inc. v. Dela Cruz*, G.R. No. 198172, January 25, 2016.

³⁰ *Mitsubishi Motors Phils. Corp. v. Bureau of Customs*, G.R. No. 209830, June 17, 2015.

³¹ AN ACT CREATING THE COURT OF TAX APPEALS, June 16, 1954.

³² AN ACT EXPANDING THE JURISDICTION OF THE COURT OF TAX APPEALS (CTA), ELEVATING ITS RANK TO THE LEVEL OF A COLLEGIATE COURT WITH SPECIAL JURISDICTION AND ENLARGING ITS MEMBERSHIP, AMENDING FOR THE PURPOSE CERTAIN SECTIONS OF REPUBLIC ACT NO. 1125, AS AMENDED, OTHERWISE KNOWN AS THE LAW CREATING THE COURT OF TAX APPEALS, AND FOR OTHER PURPOSES, March 30, 2004.

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The same is likewise provided and referred to in the RRCTA,³³ wherein the jurisdiction of the CTA Division is listed therein, *viz.*:

RULE 4 **Jurisdiction of the Court**

SECTION 1. Jurisdiction of the Court. — The Court shall exercise exclusive original jurisdiction over or appellate jurisdiction to **review by appeal the cases specified in Republic Act No. 1125, Section 7, as amended by Republic Act No. 9282, Section 7. (n) (Emphasis supplied)**

XXX XXX XXX

SECTION 3. Cases Within the Jurisdiction of the Court in Divisions. — The Court in Divisions shall exercise:

(a) Exclusive original or appellate jurisdiction to review by appeal the following:

(1) Decisions of the Commissioner of Internal Revenue in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue;

(2) Inaction by the Commissioner of Internal Revenue in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue, where the National Internal Revenue Code or other applicable law provides a specific period for action: Provided, that in case of disputed assessments, the inaction of the Commissioner of Internal Revenue within the one hundred eighty day-period under Section 228 of the National Internal Revenue Code shall be deemed a denial for purposes of allowing the taxpayer to appeal his case to the Court and does not necessarily constitute a formal decision of the Commissioner of Internal Revenue on the tax case; Provided, further, that should the taxpayer opt to await the final decision of the Commissioner of Internal Revenue on the disputed assessments beyond the one hundred eighty day-period abovementioned, the taxpayer may appeal such final decision to the Court under Section 3(a), Rule 8 of these Rules; and Provided, still further, that in the case of claims for refund of taxes erroneously or illegally collected, the taxpayer must file a petition for review with the Court prior to the expiration of the two-year period under Section 229 of the National Internal Revenue Code;

³³ Revised Rules of the Court of Tax Appeals, A.M. No. 05-11-07-CTA, November 22, 2005.

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Moreover, Section 11 of the CTA Law provides for the **thirty (30)-day reglementary period within which an affected party may appeal to the CTA**, reckoned from the receipt of an adverse decision, ruling, or inaction, to wit:

SEC. 11. Who May Appeal; Mode of Appeal; Effect of Appeal. — Any party adversely affected by a decision, ruling or inaction of the Commissioner of Internal Revenue, the Commissioner of Customs, the Secretary of Finance, the Secretary of Trade and Industry or the Secretary of Agriculture or the Central Board of Assessment Appeals or the Regional Trial Courts **may file an appeal with the CTA within thirty (30) days after the receipt of such decision or ruling or after the expiration of the period fixed by law for action** as referred to in Section 7(a)(2) herein. (*Emphasis supplied*)

Jurisprudence is likewise replete with many discussions on the matter of the jurisdiction of the CTA. In fact, in the case of *Philippine Journalists, Inc. vs. Commissioner of Internal Revenue*³⁴ (PJI case), it has long been established by the Supreme Court that the CTA is not limited to only review by appeal, the decisions of the CIR. It highlighted Section 7 of the CTA Law and recognized that the CTA has jurisdiction over “other matters” in relation to the Tax Code or other laws administered by the BIR. Consequently, the High Court, in the PJI case, upheld the CTA Division in acting on an appeal based on a WDL as the latter is covered by the phrase “other matters arising from the NIRC and administered by the BIR”, to wit:

The wording of the provision is clear and simple. It gives the CTA the jurisdiction to determine if the warrant of distraint and levy issued by the BIR is valid and to rule if the Waiver of Statute of Limitations was validly effected. (*Emphasis Supplied*)

In relation to the present case, it may be recalled that petitioner sought judicial relief from the CTA Division when it prayed for the nullification of the Assessment dated May 19, 2014, and the consequent WDL dated August 18, 2015 in its *Petition for Review*, among others, to wit:³⁵

³⁴ G.R. No. 162852, December 16, 2004.

³⁵ Division Docket, p. 24.

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WHEREFORE, premises considered, it is most respectfully prayed that, after notice and hearing, judgment be rendered by this Honorable Court in favor of the petitioner and against the respondents, as follows:

- a. Declaring null and void the Assessment Notice No. 33665 with Formal Letter of Demand dated **May 19, 2014** for taxable year 2011;
- b. Declaring null and void the Warrant of Distrainment and/or Levy dated **August 18, 2015**;
- c. Declaring null and void the alleged deficiency income tax and value-added tax as indicated in the Warrant of Distrainment and/or Levy dated **August 18, 2015** and Assessment Notice No. 33665 with Formal Letter of Demand dated **May 19, 2014** for taxable year 2011, and to cancel the final assessments issued against the petitioner in the total amount of Two Million Six Hundred Fifty-Five Thousand Six Hundred Thirty-Seven and 90/100 Pesos (Php2,655,637.90) inclusive of surcharge and interests, for the year 2011;
- d. Declaring null and void the auction sale of petitioner's two (2) real properties (TCT No. T-59023 P(M) and OCT No. P-920(M)) and the cancellation or forfeiture and/or transfer of title specifically TCT No. 040-2018021688 in favor of the Government of the Republic of the Philippines;
- e. Ordering the Registry of Deed of the Province of [Bulacan] (Meycauayan Branch) to reinstate the name of the petitioner as registered owner of the two (2) real properties covered by TCT No. T-59023 P(M) and OCT No. P-9201 (M). (*Emphases added*)

As likewise contained in the allegations of the petitioner therein, such *Petition for Review* was filed under Section 7, par. (a), sub-par. (1) and (2) of the CTA Law.³⁶ Petitioner thus contends that the CTA has jurisdiction to rule on the subject WDL under its "other matters" jurisdiction.³⁷ Moreover, considering that the BIR failed to act or resolve the legal issues on the disputed assessments he raised in his protest letters dated June 26, 2014 and October 5, 2020, petitioner maintains that the Court has jurisdiction to rule on the matter.³⁸

³⁶ Nature of the Petition, *Petition for Review*, Division Docket, p. 8.

³⁷ Par. 20, Statement of Facts and the Case, *Petition for Review*, Division Docket, p. 20 to 21.

³⁸ Par. 20, Statement of Facts and the Case, *Petition for Review*, Division Docket, p. 20 to 21.

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The Court rules that although petitioner is correct that the CTA has jurisdiction over the inaction of the CIR on disputed assessments and over “other matters”, petitioner, unfortunately, failed to timely seek relief from this Court to exercise jurisdiction on such matter.

A brief review of the relevant and undisputed timeline of events which attended the present case is necessary:

March 22, 2013	Petitioner’s spouse received a Letter Notice for alleged discrepancies in the VAT returns for TY 2011 ³⁹
May 27, 2014	Petitioner’s distant relative/niece, Ronalynn Caoile, received the Assessment Notice with Attached Formal Letter of Demand dated May 19, 2014 ⁴⁰
June 2, 2014	Petitioner actually received such documents from Ronalynn Caoile ⁴¹
June 26, 2014	Petitioner filed a Request for Reinvestigation ⁴²
July 24, 2014	Respondent informed petitioner that his Request for Reinvestigation was granted, giving him sixty (60) days from the filing of the protest to submit his supporting documents ⁴³
August 25, 2015	Petitioner personally received the WDL ⁴⁴
March 31, 2016	BIR informed petitioner through a Letter that the Forfeited Assets Management Team (FAMT) scheduled the auction of all seized and forfeited assets of delinquent taxpayers – which included two (2) real properties of petitioner ⁴⁵
April 5, 2017	Petitioner reiterated his Protest-Objection in his Letter to the BIR ⁴⁶
August 5, 2019	Petitioner filed a Letter requesting for the availment of tax amnesty program of the government, but was not granted by respondent ⁴⁷

³⁹ Par. 1, Admitted Facts and Stipulation of Facts, *Pre-Trial Order*, Division Docket, p. 147.
⁴⁰ Par. 6, Admitted Facts and Stipulation of Facts, *Pre-Trial Order*, Division Docket, p. 148.
⁴¹ Par. 7, Admitted Facts and Stipulation of Facts, *Pre-Trial Order*, Division Docket, p. 148.
⁴² Par. 9, Admitted Facts and Stipulation of Facts, *Pre-Trial Order*, Division Docket, p. 148.
⁴³ Par. 10, Statement of Facts and the Case, *Petition for Review*, p. 11; Exhibit “P-4”, Division Docket, p. 37.
⁴⁴ Par. 14, Admitted Facts and Stipulation of Facts, *Pre-Trial Order*, Division Docket, p. 149.
⁴⁵ Par. 17, Admitted Facts and Stipulation of Facts, *Pre-Trial Order*, Division Docket, p. 149.
⁴⁶ Par. 19, Admitted Facts and Stipulation of Facts, *Pre-Trial Order*, Division Docket, p. 149.
⁴⁷ Par. 20, Admitted Facts and Stipulation of Facts, *Pre-Trial Order*, Division Docket, p. 149.

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October 8, 2020	Petitioner filed another protest-letter to the BIR invoking the ruling in <i>Medicard v. CIR</i> ⁴⁸
November 17, 2020	Petitioner filed a Petition for Review before the CTA Division

First, contrary to petitioner's claim that subject assessment remains disputed in view of the BIR's failure to act or resolve his protest letter dated June 26, 2014 and October 8, 2020,⁴⁹ We rule otherwise. Based on the foregoing admitted timeline, although petitioner timely filed his *Request for Reinvestigation*, the records are bereft of any evidence that would show that petitioner submitted the pertinent documents within sixty (60) days from the date of filing of such *Request*.

Section 228 of the Tax Code is clear. The failure to submit the required documents in relation to a protest by virtue of a request for reinvestigation within sixty (60) days, renders the assessment final, viz.:

CHAPTER III - PROTESTING AN ASSESSMENT,
REFUND, ETC.

Section 228. *Protesting of Assessment –*

xxx xxx xxx

Such assessment may be **protested administratively by filing a request for reconsideration or reinvestigation** within thirty (30) days from receipt of the assessment in such form and manner as may be prescribed by implementing rules and regulations.

Within sixty (60) days from filing of the protest, all relevant supporting documents shall have been submitted; otherwise, the assessment shall become final. (*Emphasis supplied*)

Moreover, such failure of petitioner to submit the required documents rendered such *Request for Reinvestigation* as invalid, as if no protest may be considered to have been made at all. Thus, the subject assessment already became final and undisputed. Relevant thereto, the protest-letter dated October 8, 2020 cannot likewise prosper and be the basis of the present Appeal considering that the assessment has already attained finality.

⁴⁸ Par. 21, Admitted Facts and Stipulation of Facts, *Pre-Trial Order*, Division Docket, p. 149.

⁴⁹ Par. 20, Statement of Facts and the Case, *Petition for Review*, Division Docket, p. 20 to 21.

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Second, while the Court agrees with the contention of petitioner that the CTA has jurisdiction to rule on the subject WDL under its “other matters” jurisdiction, petitioner, unfortunately and belatedly pursued his judicial recourse before the CTA Division by filing his *Petition for Review* **after 1,911 days from his receipt of the WDL.**

At the risk of being repetitive, as provided in the CTA Law and the RRCTA,⁵⁰ the CTA Division has exclusive appellate jurisdiction to review, among others, the decisions or inactions of the CIR; as well as other matters pertaining to the Tax Code or other laws administered by the BIR. **The party adversely affected by the same has a period of thirty (30) days within which to elevate the matter before the CTA.**

Again, as unfortunate as it seems, petitioner’s failure to do so is fatal in his case.

Additionally, while petitioner may argue and invoke the pronouncement of the Supreme Court in *Commissioner of Internal Revenue v. Metro Star Superama, Inc.* (Metro Star case),⁵¹ that a *void assessment bears no fruit*, such argument is misplaced and inapplicable to the present case.

A review of the *Metro Star case* would show that the Supreme Court affirmed the CTA in ruling that the assessments against the taxpayer are null and void for failure of the BIR to prove that the taxpayer therein duly received a Preliminary Assessment Notice (PAN), thereby violating the latter’s right to due process. The High Court likewise ruled that *it is well-settled that a void assessment bears no fruit*. However, it is to be noted that in the *Metro Star case*, the CTA, in nullifying the assessments, had properly and duly acquired jurisdiction to do so – as the taxpayer was able to timely assail a decision of the CIR on the matter within thirty (30) days from its receipt thereof. Hence, the CTA was able to exercise jurisdiction and rule on the appeal.

As distinguished from the present case, for failure of herein petitioner to timely file his *Petition* before the Court *a quo*, the latter has no jurisdiction at all to rule on the validity of the assessment and collection of this case.

⁵⁰ Revised Rules of the Court of Tax Appeals, A.M. No. 05-11-07-CTA, November 22, 2005.

⁵¹ G.R. No. 185371, December 8, 2010.

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It is crucial to emphasize that while it may be true, that a void assessment cannot produce a valid fruit that would allow the BIR to proceed with the enforcement and collection of taxes, such concept must be *properly invoked by the taxpayer and carefully resolved by this Court* on the basis of the factual circumstances of each case.

Thus, while it may reside in the mind of the taxpayer, that an assessment against him or her is void, there is still a necessity to secure a Court pronouncement to rule on such nullity – and for that to prosper, the rule on subject matter jurisdiction and timeliness of such judicial resort must be properly made and duly respected. The taxpayer is not at liberty to take matters into his own hands, ignore the judicial process, and simply raise such issue at his most convenient time.

It is well-settled that an appeal made within the prescribed period is mandatory and jurisdictional, and the failure to do so deprives the appellate court from ruling on the matter, as held in *Commissioner of Internal Revenue v. Fort Bonifacio Development Corporation*, to wit:⁵²

It has been ruled that **perfection of an appeal in the manner and within the period laid down by law is not only mandatory but also jurisdictional. The failure to perfect an appeal as required by the rules has the effect of defeating the right to appeal of a party and precluding the appellate court from acquiring jurisdiction over the case.** At the risk of being repetitious, We declare that the right to appeal is not a natural right nor a part of due process. It is merely a statutory privilege, and may be exercised only in the manner and in accordance with the provisions of the law. (*Emphasis supplied*)

Given the foregoing factual milieu, We rule that the CTA Division did not err in dismissing the case before it for lack of jurisdiction. It thus bears stressing that **while subject matter jurisdiction is conferred by law, it only becomes operational in favor of a party seeking such appellate judicial recourse when he or she timely files his or her appeal before the appellate court.**

⁵² G.R. No. 167606, August 11, 2010.

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Petitioner failed to convince the Court En Banc that the reglementary period to file an appeal must be relaxed in his favor

As previously mentioned, petitioner claims that since the Court has an inherent power to nullify an illegal assessment under "other matters", it likewise has inherent authority and power to admit exceptions to the general rule of the thirty (30)-day period to appeal.

To recall, petitioner belatedly filed his appeal before the CTA Division only on November 17, 2020, or **after 1,911 days from his receipt of the WDL** on August 25, 2015.

The Court finds that while petitioner acknowledged and is well aware of his late resort to this Court, records are bereft of any evidence or any meritorious explanation of the attending circumstances that prevented petitioner to timely seek recourse before this Court. Instead, petitioner has been merely steadfast in its insistence that his appeal is should be given due course in light of the alleged circumstances.

As held in *Prieto v. Alpadi Development Corp.*,⁵³ the Supreme Court stressed that procedural rules must always be complied with for the orderly administration of justice, and that one claiming to be exempt from the application of the prescribed reglementary period to appeal, must convincingly prove himself worthy of the relaxation of such rules. More importantly, the High Court emphasized that ***utter disregard of the rules cannot be justly rationalized by harping on the policy of liberal construction***, to wit:

It must be stressed that **anyone seeking exemption from the application of the reglementary period for filing an appeal has the burden of proving the existence of exceptionally meritorious instances warranting such deviation**. Parties praying for the liberal interpretation of the rules must be able to hurdle that heavy burden of proving that they deserve an exceptional treatment. It was never the Court's intent "to forge a bastion for erring litigants to violate the rules with impunity."

Procedural rules should not be so easily brushed aside with the mere averment of the "higher interest of justice," as the Court discussed in *Building Care Corp./Leopard Security & Investigation Agency v. Macaraeg*:

⁵³ G.R. No. 191025 (Resolution), July 31, 2013.

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It should be emphasized that the resort to a liberal application, or suspension of the application of procedural rules, must remain as the exception to the well-settled principle that rules must be complied with for the orderly administration of justice. In *Marohomsalic v. Cole*, the Court stated:

While procedural rules may be relaxed in the interest of justice, it is well-settled that these are tools designed to facilitate the adjudication of cases. **The relaxation of procedural rules in the interest of justice was never intended to be a license for erring litigants to violate the rules** with impunity. Liberality in the interpretation and application of the rules can be invoked only in proper cases and under justifiable causes and circumstances. **While litigation is not a game of technicalities, every case must be prosecuted in accordance with the prescribed procedure to ensure an orderly and speedy administration of justice.**

The later case of *Daikoku Electronics Phils., Inc. v. Raza*, further explained that:

To be sure, **the relaxation of procedural rules cannot be made without any valid reasons proffered for or underpinning it.** To merit liberality, **petitioner must show reasonable cause justifying its non-compliance with the rules** and must convince the Court that the outright dismissal of the petition would defeat the administration of substantial justice. . . . **The desired leniency cannot be accorded absent valid and compelling reasons for such a procedural lapse. . . .**

We must stress that the bare invocation of "the interest of substantial justice" line is not some magic wand that will automatically compel this Court to suspend procedural rules. **Procedural rules are not to be belittled, let alone dismissed simply because their non-observance may have resulted in prejudice to a party's substantial rights. Utter disregard of the rules cannot be justly rationalized by harping on the policy of liberal construction.** (Emphases and underscoring added)

In the case at hand, petitioner is apparently remiss in safeguarding his rights by properly pursuing the judicial relief available to him. Likewise, he did not satisfactorily persuade this Court to relax the rules in his favor. We cannot simply ignore the extreme delay on the part of herein petitioner in taking the proper action against the WDL, albeit without any justifiable reason nor any explanation.

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The Court in Division cannot likewise assume equity jurisdiction over the case before it

Equity jurisdiction, as a concept, finds basis in Article 9 of the Civil Code,⁵⁴ where it is provided that courts should not hesitate to render judgment just because the laws are silent, obscure, or insufficient, to wit:

ARTICLE 9. No judge or court shall decline to render judgment by reason of the silence, obscurity or insufficiency of the laws.

Relative thereto, in a number of cases, the Supreme Court applied and assumed equity jurisdiction on the ground of hiatus, silence, obscurity, or insufficiency of the law.⁵⁵ Likewise, in *National Transmission Corp. v. Untiveros*,⁵⁶ equity jurisdiction was adopted and embodied whenever there is a need for the Court relax the application of procedural rules, thus:

Nevertheless, if strict adherence to the rules of procedure would hinder rather than aid in the administration of justice, especially in instances where the circumstances of the case underscore the need for substantive justice, this Court may relax the application of these procedural rules in the exercise of its equity jurisdiction. To put it simply, this Court has the discretion to relax the application of procedural rules for compelling reasons to alleviate a litigant from an injustice that is disproportionate to their procedural lapses.

As may be gleaned from the foregoing, equity jurisdiction may be called upon whenever a case is attended by the following: a) hiatus, silence, obscurity, or insufficiency of the law; or b) when application of the procedural rules may lead to injustice.

In view of the exhaustive discussion of the present case, We find that none of the contemplated scenarios above is present which would warrant the application of equity jurisdiction. Clearly, the laws governing the CTA (CTA Law and the RRCTA) is not silent, obscure or insufficient, as it necessarily provides the framework of the Court's

⁵⁴ Civil Code of the Philippines, Republic Act No. 386, June 18, 1949.

⁵⁵ See *Viva Shipping Lines, Inc. v. Keppel Philippines Mining, Inc.*, G.R. No. 177382, February 17, 2016; *Rama v. Spouses Nogra*, G.R. No. 219556, September 14, 2021; *Heirs of Mariano v. City of Naga*, G.R. No. 197743 (Resolution), October 18, 2022.

⁵⁶ G.R. No. 266880, May 15, 2024.

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appellate jurisdiction and the mechanism by which taxpayers may avail the same. Again, an appeal must be taken to the CTA within thirty (30) days from receipt of the adverse decision, ruling, or inaction - to which herein petitioner failed to do so.

Additionally, in *Regulus Development, Inc. v. Dela Cruz*,⁵⁷ the Supreme Court had the occasion to distinguish appellate jurisdiction from equity jurisdiction, to wit:

The *appellate jurisdiction* of courts is conferred by law. The appellate court acquires jurisdiction over the subject matter and parties when an appeal is perfected.

On the other hand, *equity jurisdiction* aims to provide complete justice in cases where a court of law is unable to adapt its judgments to the special circumstances of a case because of a resulting legal inflexibility when the law is applied to a given situation. The purpose of the exercise of equity jurisdiction, among others, is to prevent unjust enrichment and to ensure restitution. *(Italics added)*

It is worthy to note that while herein petitioner may plead or pray for the Court to exercise its equity jurisdiction over a case, such is not an enforceable and demandable right, but a matter of judicial discretion which cannot automatically be granted in favor of the claimant, absent any compelling and meritorious reasons.

On a final note, at the risk of being repetitive, the Court finds it crucial to stress that the Supreme Court consistently held that the **right to appeal is merely a privilege**, not a natural right, and the procedures governing the same must be adhered to. Otherwise, the **right to appeal may be lost**. We find basis in the case of *Stolt-Nielsen Marine Services Inc. v. National Labor Relations Commission*,⁵⁸ which provides that:⁵⁹

Time and again, it has been held that the **right to appeal is not a natural right or a part of due process, but merely a statutory privilege and may be exercised only in the manner and in accordance with the provisions of the law**. The party who seeks to avail of the same **must comply with the requirements of the rules, failing in which the right to appeal is lost**. *(Emphasis supplied)*

⁵⁷ G.R. No. 198172, January 25, 2016.

⁵⁸ G.R. No. 147623, December 13, 2005.

⁵⁹ G.R. No. 255473, February 13, 2023.

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As previously mentioned, and as unfortunate as it seems, petitioner's failure to timely file its appeal before the Court *a quo* is fatal – leaving no other choice on the part of the Court but to dismiss the same for lack of jurisdiction.

WHEREFORE, premises considered, the *Petition for Review* is **DENIED** for lack of merit.

SO ORDERED.



HENRY S. ANGELES

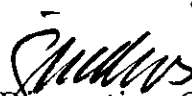
Associate Justice

WE CONCUR:



MA. BELEN M. RINGPIS-LIBAN

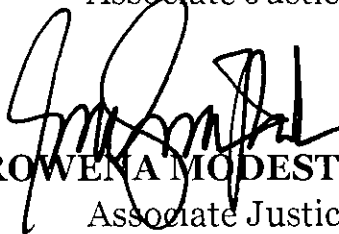
Presiding Justice



(With Dissenting Opinion)

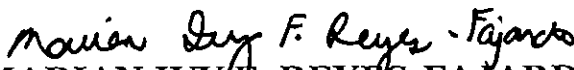
JEAN MARIE A. BACORRO-VILLENA

Associate Justice



MARIA ROWENA MODESTO-SAN PEDRO

Associate Justice



MARIAN IVY F. REYES-FAJARDO

Associate Justice

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(With due respect, I joined the DO of J. Villena)
LANEE S. CUI-DAVID
Associate Justice


CORAZON G. FERRER-FLORES
Associate Justice

Took no part
PAOLO S. TESTON
Associate Justice

Took no part
DEBBIE JEAN CENTENO-DIJAMCO
Associate Justice

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, it is hereby certified that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court.


MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
Quezon City

EN BANC

RONALDO REYES CRUZ,
Petitioner,

CTA EB No. 3055
(CTA Case No. 10404)

Present:

- versus -

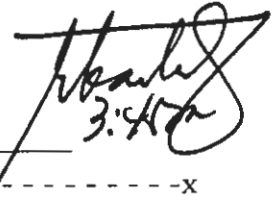
RINGPIS-LIBAN, P.J.,
BACORRO-VILLENA,
MODESTO-SAN PEDRO,
REYES-FAJARDO,
CUI-DAVID,
FERRER-FLORES,
ANGELES,
TESTON, and
CENTENO-DIJAMCO, II.

COMMISSIONER OF
INTERNAL REVENUE and
REGISTER OF DEEDS FOR
THE PROVINCE OF
BULACAN (MEYCAUAYAN
BRANCH),

Respondents.

Promulgated:

AUG 24 2026



x -----x

DISSENTING OPINION

BACORRO-VILLENA, L.:

The *ponencia* held that the Court of Tax Appeals (CTA) has no jurisdiction over the case because the present petition was filed in the CTA Division out of time. While there is no dispute that, petitioner's recourse for relief before us came late, it also remains true that "when the assessment is void *ab initio* for want of due process, it produces no legal effect and it may be assailed at anytime", as the Supreme Court held in the very recent case of *Ortiz Memorial Chapel, Inc., represented by Ronald Ortiz v. Commissioner of Internal Revenue (Ortiz)*.

In the case at bar, serious violations of petitioner's right to due process attended the assessment. The records are yielding clearly of these



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violations that nullify the Bureau of Internal Revenue's (**BIR's**) assessment on various fronts.

In so dismissing the instant case, the majority, thus, in effect, gives imprimatur to a void assessment and sanctions the assessment that was done without a Letter of Authority (**LOA**). For these ramifications, the exercise of equity jurisdiction should have been done to avoid miscarriage of justice.

The records yield clear transgressions.

First, respondent conducted the assessment on the basis of a mere letter notice and without a **LOA**. Second, petitioner did not receive a copy of both the Notice of Informal Conference (**NIC**) and the Preliminary Assessment Notice (**PAN**). Third, respondent's denial of petitioner's Protest to the Formal Letter of Demand /Final Assessment Notice (**FLD/FAN**) came three (3) years after the filing of the said Protest. Fourth, petitioner's family home was included in the public auction on 28 April 2016 even though his Protest was decided only on 04 July 2017. Fifth, petitioner consistently raised and respondent was fully aware of the lack of an **LOA**. Surely, an assessment issued without an **LOA** and an audit process that was riddled with blatant irregularities is void *ab initio*.

Echoing Ortiz, "a void assessment, being a nullity, cannot attain finality." Owing to the blatant nullity of the assessment against petitioner, his invocation of the Court's equity jurisdiction is proper to avert a perpetration of injustice.

I further essay my reasons below.

RESPONDENT CONDUCTED THE ASSESSMENT ON THE BASIS OF A MERE LETTER NOTICE; NO LETTER OF AUTHORITY (**LOA**) WAS ISSUED.

Respondent CIR admitted the absence of an **LOA** in the assessment of petitioner. In its own Answer to the Petition for Review, respondent stated clearly —

...

Respondent ADMITS allegations in paragraph 6 to 10 insofar that the audit notice afforded to the petitioner is a Letter Notice - (LN) without Letter of Authority. Considering, however, that the



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petitioner was issued an assessment and the same was received by Ronalyn Caoilie, the latter's authority can be proven as she received the Assessment No. 33665 with Formal Letter of Demand in her capacity as relative of the petitioner. When petitioner filed a letter of protest/reinvestigation, the petitioner is estopped to question the irregularity in the issuance of assessment.¹

...

Similarly, in the parties' Joint Stipulation of Facts and Issues (JSFI), they also stipulated that "[p]etitioner **did not receive any [LOA] from the respondent CIR but only the Letter Notice.**"²

The importance of an LOA in the assessment process cannot be understated.

Under the National Internal Revenue Code (NIRC) of 1997, as amended, it is the CIR who principally exercises the power to make assessments. The same law, however, also delegates this power to the Revenue Regional Directors (RRDs). The NIRC of 1997, as amended, provides:

...

SEC. 6. Power of the Commissioner to Make Assessments and Prescribe Additional Requirements for Tax Administration and Enforcement. —

(A) *Examination of Return and Determination of Tax Due.* — After a return has been filed as required under the provisions of this Code, **the Commissioner or his duly authorized representative** may authorize the examination of any taxpayer and the assessment of the correct amount of tax, notwithstanding any law requiring the prior authorization of any government agency or instrumentality: *Provided, however,* That failure to file a return shall not prevent the Commissioner from authorizing the examination of any taxpayer.

...

SEC. 10. Revenue Regional Director. — Under rules and regulations, policies and standards formulated by the Commissioner, with the approval of the Secretary of Finance, **the Revenue Regional director shall, within the region and district offices under his jurisdiction, among others:**

¹ Par. 3, Answer filed on 27 January 2021, Division Docket, pp. 81-84. Emphasis and underscoring supplied.

² Par. 4., JSFI, id., pp. 155-158.

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- (a) Implement laws, policies, plans, programs, rules and regulations of the department or agencies in the regional area;
- (b) Administer and enforce internal revenue laws, and rules and regulations, including the assessment and collection of all internal revenue taxes, charges and fees;
- (c) **Issue Letters of authority** for the examination of taxpayers within the region[.]³

...

Although the CIR and the RRDs may perform assessments themselves by the express authority of the NIRC of 1997, as amended, they are usually carried out by Revenue Officers (**ROs**) by way of delegation. This delegation is in the form of an LOA.

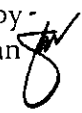
The LOA is the authority given to the appropriate RO assigned to perform assessment functions.⁴ It empowers or enables said RO to examine the books of account and other accounting records of a taxpayer for the purpose of collecting the correct amount of tax.⁵ An RO may only examine taxpayers, in the course of carrying out, in conformance to or agreement with, or according to, a validly issued LOA.⁶ Stated differently, under the NIRC of 1997, as amended, the investigatory powers of the ROs flow from the LOA, which is the statutorily designated means by which the CIR delegates its investigative powers to the BIR ROs.⁷

In *Medicard Philippines, Inc. v. Commissioner of Internal Revenue*⁸ (**Medicard**), the Supreme Court underscored the importance of an LOA, viz:

...

An LOA is the authority given to the appropriate revenue officer assigned to perform assessment functions. It empowers or enables said revenue officer to examine the books of account and other accounting records of a taxpayer for the purpose of collecting the correct amount of tax. An LOA is premised on the fact that the examination of a taxpayer who has already filed his tax returns is a power that statutorily belongs only to the CIR himself or his duly authorized representatives. ...

...

Based on the afore-quoted provision, it is clear that unless authorized by the CIR himself or by his duly authorized representative, through an 

³ Italics in the original text and emphasis supplied.

⁴ *Himlayang Pilipino Plans, Inc. v. Commissioner of Internal Revenue*, G.R. No. 241848, 14 May 2021.

⁵ *Commissioner of Internal Revenue v. Sony Philippines, Inc.*, G.R. No. 178697, 17 November 2010.

⁶ *Republic of the Philippines v. Robiegie Corporation*, G.R. No. 260261, 03 October 2022.

⁷ Id.

⁸ G.R. No. 222743, 05 April 2017; Citation omitted and emphasis supplied.

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LOA, an examination of the taxpayer cannot ordinarily be undertaken. The circumstances contemplated under Section 6 where the taxpayer may be assessed through best-evidence obtainable, inventory-taking, or surveillance among others has nothing to do with the LOA. These are simply methods of examining the taxpayer in order to arrive at the correct amount of taxes. **Hence, unless undertaken by the CIR himself or his duly authorized representatives, other tax agents may not validly conduct any of these kinds of examinations without prior authority.**

...

The Supreme Court, citing the case of *Commissioner of Internal Revenue v. Sony Philippines, Inc.*,⁹ went on to state:

...

Clearly, there must be a grant of authority before any revenue officer can conduct an examination or assessment. Equally important is that the revenue officer so authorized must not go beyond the authority given. **In the absence of such an authority, the assessment or examination is a nullity.**

...

In the instant case, RO Noviemae S. Singson (**Singson**) and RO Jaydee P. Gomez (**Gomez**) conducted the audit of petitioner's books for calendar year (CY) 2011 without an LOA. RO Singson's authority was premised on the Letter Notice¹⁰ while RO Gomez's was anchored on the Memorandum of Assignment (MOA) No. 025B-RD-RI-LN-09-14-00001 dated 01 September 2014.¹¹

In *Medicard*,¹² the Supreme Court explained the nature of a Letter Notice and differentiated it from an LOA, to wit:

...

The Court cannot convert the LN into the LOA required under the law even if the same was issued by the CIR himself. Under RR No. 12-2002, LN is issued to a person found to have underreported sales/receipts per data generated under the RELIEF system. Upon receipt of the LN, a taxpayer may avail of the BIR's Voluntary Assessment and Abatement Program. If a taxpayer fails or refuses to avail of the said program, the BIR may avail of administrative and criminal remedies, particularly closure, criminal action, or audit and investigation. Since the law specifically requires an LOA and RMO No. 32-2005 requires the conversion of the previously issued LN to an LOA, the absence thereof cannot be simply

⁹ G.R. No. 178697, 17 November 2010; Emphasis supplied.

¹⁰ See Letter Notice received by Ma. Victoria S. Cruz (petitioner's wife) on 22 March 2013, Exhibit "R-1", Division Docket, p. 94.

¹¹ See Letter received by petitioner's sister, Cristy Cruz, on 15 September 2014, BIR Records, p. 81.

¹² Supra at note 9; Emphases supplied.

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swept under the rug, as the CIR would have it. In fact Revenue Memorandum Circular No. 40-2003 considers an LN as a notice of audit or investigation only for the purpose of disqualifying the taxpayer from amending his returns.

The following differences between an LOA and LN are crucial. First, an LOA addressed to a revenue officer is specifically required under the NIRC before an examination of a taxpayer may be had while an LN is not found in the NIRC and is only for the purpose of notifying the taxpayer that a discrepancy is found based on the BIR's RELIEF System. Second, an LOA is valid only for 30 days from date of issue while an LN has no such limitation. Third, an LOA gives the revenue officer only a period of 120 days from receipt of LOA to conduct his examination of the taxpayer whereas an LN does not contain such a limitation. **Simply put, LN is entirely different and serves a different purpose than an LOA. Due process demands, as recognized under RMO No. 32-2005, that after an LN has serve its purpose, the revenue officer should have properly secured an LOA before proceeding with the further examination and assessment of the petitioner.** Unfortunately, this was not done in this case.

Contrary to the ruling of the CTA *en banc*, an LOA cannot be dispensed with just because none of the financial books or records being physically kept by MEDICARD was examined. To begin with, Section 6 of the NIRC requires an authority from the CIR or from his duly authorized representatives before an examination "of a taxpayer" may be made. The requirement of authorization is therefore not dependent on whether the taxpayer may be required to physically open his books and financial records but only on whether a taxpayer is being subject to examination.

The BIR's RELIEF System has admittedly made the BIR's assessment and collection efforts much easier and faster. The ease by which the BIR's revenue generating objectives is achieved is no excuse however for its non-compliance with the statutory requirement under Section 6 and with its own administrative issuance. In fact, apart from being a statutory requirement, an LOA is equally needed even under the BIR's RELIEF System because the rationale of requirement is the same whether or not the CIR conducts a physical examination of the taxpayer's records: to prevent undue harassment of a taxpayer and level the playing field between the government's vast resources for tax assessment, collection and enforcement, on one hand, and the solitary taxpayer's dual need to prosecute its business while at the same time responding to the BIR exercise of its statutory powers. The balance between these is achieved by ensuring that any examination of the taxpayer by the BIR's revenue officers is properly authorized in the first place by those to whom the discretion to exercise the power of examination is given by the statute.

That the BIR officials herein were not shown to have acted unreasonably is beside the point because the issue of their lack of authority was only brought up during the trial of the case. What is crucial is whether the proceedings that led to the issuance of VAT deficiency assessment against MEDICARD had the prior approval and authorization from the CIR or her duly authorized representatives. **Not having authority to**



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examine MEDICARD in the first place, the assessment issued by the CIR is inescapably void.

...

An LOA is not only a part of due process but is also a jurisdictional requirement for an assessment. In *Commissioner of Internal Revenue v. Marily Development Corporation*,¹³ the Supreme Court, citing *Commissioner of Internal Revenue v. Mcdonald's Philippines Realty Corp.*,¹⁴ held:

...

The power to authorize the examination of a taxpayer is lodged solely with the CIR. This power is not extended to all BIR personnel. Recognizing this statutory limitation on the power of assessment, the Tax Code allows the CIR and the Revenue Regional Director to delegate the authority to assess to Revenue Officers through a LoA. A LoA empowers the revenue officer to examine the books of account and other tax records of a taxpayer to collect the correct amount of tax. **There is however, no presumption that a Revenue Officer is authorized to issue assessments.** The importance of the LoA cannot be understated.

In cases where the BIR conducts an audit without a valid LoA, or in excess of the authority duly provided therefore, the resulting assessment shall be void and ineffectual. **This is because the issuance of a LoA is part and parcel of the taxpayer's right to due process. In *Commissioner of Internal Revenue v. Mcdonald's Philippines Realty Corp.*, this Court categorically held that a valid LoA is a jurisdictional requirement for an assessment:**

To comply with due process in the audit or investigation by the BIR, the taxpayer needs to be informed that the revenue officer knocking at his or her door has the proper authority to examine his books of accounts. The only way for the taxpayer to verify the existence of that authority is when, upon reading the LOA, there is a link between the said LOA and the revenue officer who will conduct the examination and assessment; and the only way to make that link is by looking at the names of the revenue officers who are authorized in the said LOA. If any revenue officer other than those named in the LOA conducted the examination and assessment, taxpayers would be in a situation where they cannot verify the existence of the authority of the revenue officer to conduct the examination and assessment. Due process requires that taxpayers must have the right to know that the revenue officers are duly authorized to conduct the examination and assessment, and this requires that the LOAs must contain the names of the authorized revenue officers.

In other words, identifying the authorized revenue

¹³

G.R. No. 263794, 02 April 2025; Citations omitted, italics and emphasis in the original text and supplied.

¹⁴

G.R. No. 242670, 10 May 2021.

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officers in the LOA is a jurisdictional requirement of a valid audit or investigation by the BIR, and therefore of a valid assessment.

...

As a non-negotiable requirement of due process, it has repeatedly been said that an assessment issued without a predicate LOA is a nullity and must be slain at sight.¹⁵

PETITIONER CONSISTENTLY
QUESTIONED THE LACK OF A
LETTER OF AUTHORITY (LOA)
AND THE IRREGULARITIES THAT
ATTENDED THE ASSESSMENT.

As the records bear, petitioner did question and respondent was fully aware that the audit was conducted without an LOA. The records are also clear that the assessment of petitioner was attended glaringly by other irregularities.

In petitioner's sworn testimony (which respondent did not controvert), he already raised the lack of an LOA as early as 2014.¹⁶ This was when he learned that RO Gomez will be taking over RO Singson in the conduct of the reinvestigation of the FLD/FAN:

...

38. Q: During the reinvestigation of your assessment, what happened, if any?

A: 'Yong kaso ko po ay finorward na nila sa RDO No. 25B, Sta. Maria, Bulacan.

39. Q: What happened next, if you know?

A: **Bukod po doon sa mga nakasaad sa letter, hinanapan ko sila ng Letter of Authority 'yong bagong examiner, si Ms. Jaydee P. Gomez. Sinabi ko din na wala ring Letter of Authority si Ms. Noviemae Singson, yong dating examiner, kasi Letter Notice lang po ang pinadala sa akin.**

40. Q: What else happened during the reinvestigation?



¹⁵ See *Commissioner of Internal Revenue v. Conal Holdings Corporation*, CTA EB No. 1732 (CTA Case No. 9099), 03 May 2019; *Commissioner of Internal Revenue v. Sumitomo Corporation-Philippine Branch*, CTA EB No. 2429 (CTA Case No. 9422), 29 July 2022; *Commissioner of Internal Revenue v. Autostrada Motore, Inc.*, CTA EB No. 2375 (CTA Case No. 9624), 21 July 2022; and *First Telecom Phils., Inc. v. Commissioner of Internal Revenue*, CTA Case No. 10746, 15 April 2025.

¹⁶ Letter dated 01 September 2014, *supra* at note 12.

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A: Wala din po. Nag-antay lang po kami ng additional notice kung may Letter of Authority na 'yong examiner.¹⁷

...

In a Letter dated 08 September 2017, petitioner, while applying for a compromise settlement, again raised the lack of LOA.¹⁸ The Letter reads:

...

September 08, 2017

BUREAU OF INTERNAL REVENUE

Revenue Region No. 5

No. 140 Barrio Calaana, EDSA Caloocan City

Attention: **MYRNA S. LEONIDA**
OIC-Regional Director

Subject: Final Assessment Notice 33665
Dated May 19, 2014
Allege Deficiency Taxes for taxable Year 2011

Dear Ma'am Myrna,

This refers to your letter dated July 4, 2017 which I received on August 11, 2017 where our protest / request for reinvestigation was denied.

I regret to receive such denial but I agree with you that there was some failure on my part due to the fact that I have not consulted an accountant before about this assessment. In addition to this, is my confinement to [the] hospital and the death of my father.

Pursuant to Section 204 of the NIRC (RA 8424), I would like to apply for the compromise settlement and offering to pay 10% of the tax due, based on financial incapacity.

The only possession we have is our house and lot and the lot of our family, under my name, where our siblings (brother and sisters) live. It is actually the property of our parents (both died already) which was transferred to my name when I used such property as collateral during the time that I was engaged in contracting business. But said contracting business did not prosper and is closed already as of this time.

I am now a Barangay Councilor and derived no other income except my salary and allowances from the Barangay. Part of the said salaries and allowances, goes to financial assistance to my kababaryo when they ask for medical and death assistance.



¹⁷ See Judicial Affidavit of Ronaldo Reyes Cruz subscribed on 16 November 2020, Exhibit "P-13", Division Docket, pp. 58-72; Emphasis supplied.

¹⁸ See Letter received by respondent on 08 September 2017, BIR Records, p. 305.; Emphasis supplied.

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I am willing to issue a bank secrecy waiver in order to prove that I have no deposit under my name or in the name of my wife.

I hope that, while our prayer and protest was not recognized **and in the absence of Letter of Authority to such LN, may this compromise offer be accepted.** Should we need to pay or deposit the amount being offered to, kindly advise me the form and the documents needed for me to pay it.

Thank you, we remain.

Respectfully yours,

RONALDO REYES CRUZ

...

Petitioner resent the same letter on 02 February 2018.¹⁹ The case records would also show that the BIR was fully aware of the lack of an LOA. In his *Memorandum* dated 11 October 2018, RO Mark Filmer T. Juan (**Juan**) reported as follows:²⁰

...

Memorandum For:

MANUEL V. MAPOY

Regional Director

This Region

...

This is a progress report for the AR/DA docket of the abovementioned taxpayer which was received by the undersigned seizure agent on September 11, 2017 pursuant to Memorandum of Assignment No. RR5-AMS-2017-7142.

...

FINDINGS:

Upon evaluation of the case, it was found out that no Letter of Authority (LOA) was issued and attached to the docket, which is an indispensable element of due process.

Revenue Memorandum Circular No. 75-2018 highlights the doctrinal rule enunciated by the Supreme Court in the case of *Medicard Phils., Inc.* on the mandatory statutory requirement of a Letter of Authority. It was stated in the said RMC that:

“Any tax assessment issued without an LOA is a violation of the taxpayer’s right to due process and is therefore inescapably void.”



¹⁹ Letter received by respondent on 02 February 2018, id., p. 306.

²⁰ BIR Records, pp. 324 to 326; Italics and emphasis in the original text and supplied.

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RECOMMENDATION:

In view of the foregoing, the undersigned respectfully recommends that this case be forwarded to Legal Division, this region, for further evaluation and recommendation since the assessment arose from the issuance of Letter Notice (LN) without Letter of Authority.

This is a final report.

Prepared by:

[signed]

MARK FILMER T. JUAN

Seizure Agent

...

Reviewed by:

[signed]

KAREN R. FELICITAS

Group Supervisor

RO Juan reiterated his findings and recommendation in his *Memorandum* dated 05 August 2019, to wit:²¹

...

Memorandum For:

MA. GRACIA B. JAVIER

Regional Director

This Region

...

This is a final report for the AR/DA docket of the abovementioned taxpayer which was received by the undersigned seizure agent on **September 11, 2017** pursuant to Memorandum of Assignment No. **RR5-AMS-2017-7142**.

...

HISTORY OF THE CASE:

1. This delinquent tax case was assessed pursuant to Letter Notice No. (25B-RLF-11-00-00037) dated March 18, 2013 which was received by Ma. Victorina Cruz on March 22, 2013.
2. No Letter of Authority were issued.

...

OBSERVATION:

Upon evaluation of the case, it was found out that no Letter of Authority (LOA) was issued and attached to the docket, which is an indispensable element of due process. Seized real properties of the subject taxpayer were included in the Public Auction

²¹ Memorandum dated 05 August 2019, Exhibit "R-14", id., pp. 111-113; Emphasis in the original text and supplied.

conducted by the Forfeited Assets Management Unit (FAMU) on April 28, 2016 and was declared forfeited in favor of the government, the 1-year period of the subject taxpayer to redeem the property has already lapsed.

RECOMMENDATION:

In view of the foregoing, the undersigned respectfully recommends that this case be forwarded to Legal Division, this region, for further evaluation and recommendation if the subject taxpayer can still redeem the forfeited property by applying for tax amnesty since the assessment arose from the issuance of Letter Notice (LN) without Letter of Authority.

Prepared by:	Reviewed by:
[signed]	[signed]
MARK FILMER T. JUAN	KAREN R. FELICITAS
Seizure Agent	Group Supervisor
...	

In addition, the case records also show that: (a) petitioner did not receive a copy of both the NIC and the PAN;²² (b) respondent’s denial of petitioner’s Protest to the FLD/FAN came after three (3) long years from the filing of the said Protest on 26 June 2014 (or on 14 July 2017);²³ and (c) the seized properties were already included in the public auction on 28 April 2016 even though petitioner’s Protest was decided only on 04 July 2017.²⁴

With the blatant irregularities in the assessment process that directly breached petitioner’s right to due process, to otherwise refuse to lend redress to petitioner by reasof reason of a belated action on his part will be compounding the injustice done.

THE EQUITY JURISDICTION OF THE COURT OF TAX APPEALS (CTA).

I find no issue, neither do I contest the *ponencia*’s statement that equity jurisdiction may be called upon whenever a case is attended by: (a) hiatus, silence, obscurity, or insufficiency of the law, or (b) when the application of procedural rules may lead to injustice. 

²² Par 3, JSFI, supra at note 2.
²³ Letter dated 26 June 2014, Exhibit “P-3”, id., pp. 34-36. See also Letter received by petitioner on 11 August 2017, BIR Records, p. 304.
²⁴ Memorandum dated 05 August 2019, Exhibit “R-14”, pp. 111-113. See also Letter received by petitioner on 11 August 2017, BIR Records, p. 304.

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However, I dissent with the *ponencia's* ruling that none of these contemplated scenarios is present which would warrant the application of equity jurisdiction in the present case. It is my view that the strict and unyielding application of procedural rules in this case will certainly lead to injustice.

Equity jurisdiction aims to do complete justice in cases where a court of law is unable to adapt its judgments to the special circumstances of a case because of the inflexibility of its statutory or legal jurisdiction.²⁵ In *Spouses Antonio and Monette Prieto v. Bank of the Philippine Islands*,²⁶ the Supreme Court discussed past cases where the exercise of equity jurisdiction was deemed proper, viz:

...

In numerous cases, the Court has exercised its equity jurisdiction and allowed meritorious cases to proceed despite the litigant's procedural lapses in the broader interest of substantial justice.

... [I]n *Tanenglian v. Lorenzo* filed a special civil action of *certiorari* under Rule 65 of the Rules of court instead of an ordinary appeal, but the Court nonetheless relaxed the rules of procedure in his favor:

...

All things considered, however, we do not agree in the conclusion of the Court of Appeals [CA] dismissing petitioner's Petition based on a procedural *faux pax*. While a petition for *certiorari* is dismissible for being the wrong remedy, there are exceptions to this rule to wit: (a) when public welfare and the advancement of public policy dictates; (b) when the broader interest of justice so requires; (c) when the writs issued are null and void; or (d) when the questioned order amounts to an oppressive exercise of judicial authority. ...

...

We find that petitioner's case fits more the exception rather than the general rule. Taking into account the importance of the issues raised in the Petition, and what petitioner stands to lose, the Court of Appeals should have given due course to the said Petition and treated it as a petition for review. By dismissing the Petition outright, the Court of Appeals absolutely foreclosed the resolution of the issues raised therein. Indubitably, justice would have been better served if the Court of Appeals resolved the issues that were raised in the Petition.

²⁵ *Heirs of Jose and Helen S. Mariano, et al. v. City of Naga*, G.R. No. 197743 (Resolution), 18 October 2022.

²⁶ G.R. No. 259282, 30 August 2023. Citations omitted, italics and underscoring in the original text, and emphasis supplied.

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In the recent case of *Republic v. Maria Basa Express Jeepney Operators and Drivers Association, Inc.*, the Court opined that technicalities may be set aside if strict application thereof would result in manifest injustice:

...

All things considered, however, this Court is not in agreement with the conclusion of the CA in dismissing the petition based on mere procedural error. While the availability of an appeal precludes certiorari, this oft-repeated rule still admits of exceptions. After all, the acceptance of a petition for certiorari, and the decision to give the same due course, is generally addressed to the sound discretion of this Court.

In *Department of Education v. Cunanan*, this Court cites certain exceptional instances, to wit: "(a) when public welfare and the advancement of public policy dictates; (b) when the broader interest of justice so requires; (c) when the writs issued are null and void; or (d) when the questioned order amounts to an oppressive exercise of judicial authority." In any case, when the stringent application of the rules would result in manifest injustice, the Court may set aside such technicalities and take cognizance of the petition before it. In *Tanenglian v. Lorenzo, et al.*, which involves similar facts, the CA was found to be in error for dismissing the petition for certiorari instead of resolving the issues raised therein. ...

In *Barnes v. Judge Padilla*, the Court gave due course to the petition although the procedural error committed by the petitioner therein had rendered the assailed CA decision final and executory:

... [T]he filing of petitioner's motion for extension of time to file motion for reconsideration did not toll the fifteen-day period before the CA decision becomes final and executory. Since the decision of the CA dated August 18, 2003 has long become final and executory at the time of the filing of the present petition, the Court can no longer alter or modify the same. The failure of the petitioner to file his motion for reconsideration within the period fixed by law renders the decision final and executory. Such failure carries with it the result that no court can exercise appellate jurisdiction to review the case. Phrased otherwise, a final and executory judgment can no longer be attacked by any of the parties or be modified, directly or indirectly, even by the highest court of the land.

However, this Court has relaxed this rule in order to serve substantial justice considering (a) matters of life, liberty, honor or property, (b) the existence of special or compelling circumstances, (c) the merits of the case, (d) a cause not entirely attributable to the fault or negligence



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of the party favored by the suspension of the rules, (e) a lack of any showing that the review sought is merely frivolous and dilatory, and (f) the other party will not be unjustly prejudiced thereby.

Invariably, rules of procedure should be viewed as mere tools designed to facilitate the attainment of justice. Their strict and rigid application, which would result in technicalities that tend to frustrate rather than promote substantial justice, must always be eschewed. Even the Rules of Court reflects this principle. The power to suspend or even disregard rules can be so pervasive and compelling as to alter even that which this Court itself had already declared to be final.

The foregoing cases are consistent with the oft-repeated principle that "rules of procedure are mere tools designed to facilitate the attainment of justice and that strict and rigid application of rules which would result in technicalities that tend to frustrate rather than promote substantial justice must always be avoided."

All told, the compelling circumstances in the present case warrant the exercise of the Court's equity jurisdiction.

...

Likewise, in *Rafael M. Crisol, Jr. v. Commission on Audit*,²⁷ the Supreme Court opted to give course to an action, despite belated appeal, and set forth exceptions to the rigid rules on appeal:

...

This Court generally refrains from entertaining petitions under Rule 64 questioning the dismissal of an appeal by the COA on account of failure to file said appeal within the reglementary period, given the well-settled rule that courts are bereft of jurisdiction to review decisions that have become final and executory and that perfection of an appeal in the manner and within the period set by law is not only mandatory but jurisdictional. However, jurisprudence recognizes several exceptions to the rule on immutability of final judgments: (1) the correction of clerical errors, (2) *nunc pro tunc* entries which cause no prejudice to any party, (3) void judgments, and (4) whenever circumstances transpire after the finality of the decision rendering its execution unjust and inequitable.

We have also allowed the relaxation of this rigid rule in order to serve substantial justice in considering (1) matters of life, liberty, honor or property; (2) the existence of special or compelling circumstances; (3) the merits of the case; (4) a cause not entirely attributable to the fault or negligence of the party favored by the suspension of the rules; (5) a lack of any showing that the review sought is merely frivolous and dilatory; or (6) the other party will

²⁷

G.R. No. 235764. 14 September 2021: Citations omitted, italics in the original text and emphasis supplied.

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not be unjustly prejudiced thereby. Verily, when extraordinary circumstances exist, We are empowered to set aside technicalities in the exercise of our equity jurisdiction in order to fully serve the demands of substantial justice.

As applied, we find that the full settlement of the unremitted collection during the pendency of the present petition, and more importantly, the merits of the case as will be hereafter discussed, merit a relaxation of technical rules in the exercise of Our equity jurisdiction.

...

Furthermore, in *Baldomero Aribon v. Workmen's Compensation Commission, et al.*,²⁸ the respondent company alleged that the decision appealed from is already final having been promulgated on 28 January 1976 and terminated as of 21 December 1976. The Supreme Court declared that **“even if we assume a delay in the filing of an appeal, we must disregard it in the exercise of our equity jurisdiction.”**

Again, in *Carlota Delgado Vda. de Dela Rosa v. Court of Appeals, et al.*,²⁹ the Supreme Court ruled that “[e]ven assuming that the private respondents’ record on appeal was filed a day late, strong considerations of substantial significance are manifest . . . which urge this Court to relax the stringent application of technical rules in the exercise of our equity jurisdiction ...”

Meanwhile, in *Misnet, Inc. v. Commissioner of Internal Revenue*,³⁰ the CTA, sitting *En Banc*, dismissed a Petition for Review on the ground of lack of jurisdiction after the party failed to file it within the prescribed period. The Supreme Court reversed the CTA *En Banc*’s action and declared —

...

In the instant case, petitioner allegedly failed to observe the 30-day period within which to appeal the final decision of the CIR to the CTA. As records would show, petitioner admittedly received the FDDA on March 28, 2011. Reckoned from this date of receipt, it has until April 27, 2011, within which to appeal with the CTA. However, petitioner filed its appeal (Petition for Review) only on July 26, 2011 or after the lapse of ninety-three (93) days from its receipt of the FDDA. It appears that petitioner’s filing of an appeal with the CTA was beyond the statutory period to appeal.

Nonetheless, this Court has on several occasions relaxed this strict requirement. We have on several instances allowed the

²⁸ G.R. No. L-45906, 07 November 1985.

²⁹ G.R. No. 103028, 10 October 1997.

³⁰ G.R. No. 210604, 03 June 2019; Italics and emphasis in the original text and supplied.

filing of an appeal outside the period prescribed by law in the interest of justice, and in the exercise of its equity jurisdiction. Thus:

... [F]or a party to seek exception for its failure to comply strictly with the statutory requirements for perfecting its appeal, **strong compelling reasons** such as serving the ends of justice and preventing a grave miscarriage thereof must be shown, in order to warrant the Court's suspension of the rules. Indeed, the Court is confronted with the need to balance stringent application of technical rules *vis-a-vis* strong policy considerations of substantial significance to relax said rules based on equity and justice.

...

The Supreme Court went on to declare that “[i]f petitioner's right to appeal would be curtailed by the mere expediency of holding that it had belatedly filed its appeal, then this Court as the final arbiter of justice would be deserting its avowed objective, that is to dispense justice based on the merits of the case and not on a mere technicality.”³¹

In a subsequent case, even the CTA *En Banc*, in *Commissioner of Internal Revenue v. The Heirs of Emilio L. Gan*,³² affirmed the CTA First Division's finding that the lack of an LOA constitutes a compelling reason to consider relaxing the application of technical rules of procedure because strictly applying the same shall cause a miscarriage of justice. The pertinent portion of the said decision states—

...
On the CIR's first contention that the Court in Division erred in deciding to give due course to the *Petition for Review* in CTA Case No. 9600, despite being filed a day beyond the reglementary period, it is not novel for the Court to give due course to an appeal that is belatedly filed. The Supreme Court has, time and time again, relaxed the observance of procedural rules to advance substantial justice.

As held in the case of *Subic Bay Metropolitan Authority vs. Subic Bay Marine Exploratorium, Inc.*, the Court's primary duty is to render justice free from the constraints of technicalities. An appeal that is belatedly filed may be given due course when substantial justice and paramount public interest demand.



³¹ Id.
³² CTA EB No. 2538 (CTA Case No. 9600), 27 February 2023; Citations omitted, italics in the original and emphasis supplied.

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Thus, for a party to seek to exception for its failure to comply strictly with the statutory requirements for perfecting its appeal, strong compelling reasons such as serving the ends of justice and preventing a grave miscarriage thereof must be shown, in order to warrant the Court's suspension of the rules.

Indeed, in the case of *Metro Rail Transit Corporation vs. Court of Tax Appeals and Commissioner of Internal Revenue*, the Supreme Court pronounced, to wit:

It is the policy of the Court to afford party-litigants the amplest opportunity to enable them to have their cases justly determined, free from the constraints of technicalities. Since rules of procedure are mere tools designed to facilitate the attainment of justice, it is well recognized that this Court is empowered to suspend its operation, or except a particular case from its operation, when the rigid application thereof tends to frustrate rather than promote the ends of justice. Oft-cited is the rule that it is a far better and more prudent course of action for a court to excuse a technical lapse and afford the parties a review of the case on the merits to attain the ends of justice rather than dispose of the case on technicality and cause a grave injustice to the parties, giving a false impression of speedy disposal of cases while actually resulting in more delay, if not a miscarriage of justice.

In the instant case, the Court *En Banc* agrees with the Court in Division that the Rules of Court should be liberally construed in order to promote their object of securing a just, speedy and inexpensive disposition of every action or proceeding.

Hence, despite the one (1) day delay in the perfection of the appeal filed by the heirs in CTA Case No. 9600, the factual circumstances obtaining in said case warrant a relaxation of our Rules of Procedure.

As aptly observed by the Court in Division, the factual antecedents of the case reveal that the appeal is meritorious since the conduct of the tax audit on the late Gan was authorized only by a LN and not by the required LOA under the 1997 NIRC of 1997, as amended. Thus, the Court in Division did not err in giving due course to CTA Case No. 9600 in the interest of substantial justice.

...

Thus, indeed, when the circumstance so warrants, the CTA may exercise its equity jurisdiction to decide the case based on its merits. In other words, there could be no rule of appeal so absolute that redress from blatant violation of due process is foreclosed because of a party's miscalculation of the period to file the same. Equity jurisdiction is made

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available in our jurisdiction precisely to protect sacred rights that are sacrificed by reason of blind obeisance to law and rules that create injustice. In this case, it is well to point out that petitioner acted without bad faith or is even guilty of laches.

PETITIONER IS NOT ESTOPPED NOR
GUILTY OF LACHES.

Given the three- or five-year delay before petitioner filed his petition before the CTA, it begs the question of whether he is guilty of estoppel by laches which would bar him from invoking the jurisdiction of the Court, both in law and equity.

I respond in the negative.

In *Serafin Tijam, et al. v. Magdaleno Sibonghanoy, et al.*,³³ the Supreme Court explained the concept of estoppel by laches, viz:

...

A party may be estopped or barred from raising a question in different ways and for different reasons. Thus we speak of estoppel *in pais*, of estoppel by deed or by record, and of estoppel by *laches*.

Laches, in a general sense, is failure or neglect, for an unreasonable and unexplained length of time, to do that which, by exercising due diligence, could or should have been done earlier; it is negligence or omission to assert a right within a reasonable time, warranting a presumption that the party entitled to assert it either has abandoned it or declined to assert it.

The doctrine of laches or of "stale demands" is based upon grounds of public policy which requires, for the peace of society, the discouragement of stale claims and, **unlike the statute of limitations, is not a mere question of time but is principally a question of the inequity or unfairness of permitting a right or claim to be enforced or asserted.**

...

In the earlier case of *Go Chi Gun alias Chipbun Gochego, et al. v. Co Cho, et al.*,³⁴ the Supreme Court characterized the defense of laches as an equitable defense and set out the elements for it to apply, to wit:

...

A suit barred on the ground of laches is oftentimes called a "stale demand," and the bar had been held to require four elements:

³³ G.R. No. L-21450, 15 April 1968; Italics in the original and emphasis supplied.

³⁴ G.R. No. L-5208, 28 February 1955; Citations omitted.

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(1) conduct on the part of the defendant, or of one under whom he claims, giving rise to the situation of which complaint is made and for which the complaint seeks a remedy; (2) delay in asserting the complainant's rights, the complainant having had knowledge or notice of the defendant's conduct and having been afforded an opportunity to institute a suit; (3) lack of knowledge or notice on the part of the defendant that the complainant would assert the right on which he bases his suit; and (4) injury or prejudice to the defendant in the event relief is accorded to the complainant, or the suit is not held to be barred.

...

In the present case, the *second* and *third* elements are not present.

For a delay to constitute laches, an extraordinary and considerable long period of time must have elapsed. In *Venancio Figueroa y Cervantes v. People of the Philippines*,³⁵ the Supreme Court, analyzed its various decisions on the matter, "[t]o settle once and for all this problem of jurisdiction *vis-à-vis* estoppel by laches, which continuously confounds the bench and the bar." After analyzing the said cases, the Supreme Court concluded that estoppel by laches "is to be applied rarely — only from necessity, and only in extraordinary circumstances and thar [t]he doctrine must be applied with great care and the equity must be strong in its favor." Guided by these principles I find that the three- or five-year delay on the part of petitioner before filing his petition does not constitute a considerable and extraordinary long period of time, especially when compared to the 15-year³⁶ or thirty-two (32)-year³⁷ delays where the Supreme Court applied laches.

Moreover, it cannot be said that there is lack of knowledge or notice on the part of the CIR that petitioner would assert the right on which he based his suit. As thoroughly discussed, petitioner had consistently raised the issue of lack of an LOA, and respondent was fully aware of such defect. Thus, petitioner had not given reason and respondent cannot expect that petitioner would not assert his right to assail the tax assessment against him.

BALANCING OF PETITIONER'S AND
STATE'S INTERESTS. 

³⁵ G.R. No. 147406, 14 July 2008.

³⁶ In *Serafin Tijam, et al. v. Magdaleno Sibonghanoy, et al.*, supra at note 152, the Supreme Court held that therein Surety is guilty of laches because it took almost fifteen years before the Surety filed its motion to dismiss.

³⁷ In *Go Chi Gun alias Chipbun Gochego, et al. v. Co Cho, et al.*, supra at note 153, the Supreme Court applied the concept of laches because the decedent and his heirs have been in continuous enjoyment of the inheritance for a full period of 32 years without any interruption or objection on the part of the plaintiffs-appellees.

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In resolving the case, the CTA is confronted with the conflicting interests between petitioner and the State.

I have thoroughly discussed the importance of an LOA. If the dismissal of the petitioner's prior petition is sustained, then the CTA effectively allows the forfeiture of petitioner's properties in violation Section 1, Article 1 of the Bill of Rights, which provides that "[n]o person shall be deprived of life, liberty, or property without due process of law."³⁸

On the other hand, the importance of adhering to procedural rules (including the period to appeal) cannot be understated. In *Dr. Joseph L. Malixi, et al. v. Dr. Glory V. Baltazar*,³⁹ the Supreme Court emphasized that:

...

Technical rules serve a purpose. They are not made to discourage litigants from pursuing their case nor are they fabricated out of thin air. **Every section in the Rules of Court and every issuance of this Court with respect to procedural rules are promulgated with the objective of a more efficient judicial system.**

...

Thus, similar to the case of *Secretary of Justice v. Hon. Ralph C. Lantion, et al.*,⁴⁰ this clash of rights demands a delicate balancing approach. Therein the Supreme Court discussed:

...

To be sure, private respondent's plea for due process deserves serious consideration involving as it does his primordial right to liberty. **His plea to due process, however, collides with important state interests which cannot also be ignored for they serve the interest of the greater majority.** The clash of rights demands a delicate balancing of interests approach which is a "fundamental postulate of constitutional law." **The approach requires that we "take conscious and detailed consideration of the interplay of interests observable in a given situation or type of situation."** These interests usually consist in the exercise by an individual of his basic freedoms on the one hand, and the government's promotion of fundamental public interest or policy objectives on the other.

...

³⁸ Section 1, Article III (Bill of Rights), 1987 Constitution.

³⁹ G.R. No. 208224, 22 November 2017; Emphasis supplied.

⁴⁰ G.R. No. 139465 (Resolution), 17 October 2000; Citations omitted, emphasis in the original text and supplied.

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Considering the principle that “technical procedural rules pale in comparison to, and are outweighed by, substantive violations affecting the bill of rights,⁴¹ the scales of justice must and should tilt in petitioner’s favor.

A VOID ASSESSMENT COULD NOT
ATTAIN FINALITY, THUS, TO SUSTAIN
IT WILL RESULT IN UNJUST
ENRICHMENT.

A void assessment bears no valid fruit and cannot attain finality.⁴² The Supreme Court has firmly ruled that the lack of an LOA results in a void assessment, thus, bears no fruit:

...
The importance of the lack of the revenue officer's authority to conduct an audit cannot be overemphasized because it goes into the validity of the assessment. **The lack of authority of the revenue officers is tantamount to the absence of a LOA itself which results to a void assessment. Being a void assessment, the same bears no fruit.**⁴³
...

At this point, it is propitious to underscore that in *Ortiz*,⁴⁴ the Supreme Court has set aside the CTA *En Banc*’s and the CTA in Division’s ruling that the latter has no jurisdiction because the petition was prematurely filed. The Protest to the FLD/FAN filed by petitioner therein was found defective and declared void. As a result, no valid disputed assessment existed and the petition was prematurely filed. After finding serious violations of petitioner’s right to due process, the Supreme Court reversed both the CTA’s actions and declared emphatically that —

...
The general rule is that a tax assessment becomes final, executory, and demandable if the taxpayer fails to file a protest within the reglementary period. Once final, the assessment attains the character of a judgment that is final, immutable, and enforceable. Thus, the CTA can no longer exercise jurisdiction because there is no “disputed assessment” to speak of. The CTA, being a court of limited jurisdiction, can only hear cases and matters that are specifically and exclusively granted to it by law. Accordingly, it is want of jurisdiction over final and executory assessments.



⁴¹ *Spouses Lanisa Dionela and Leonardo Dionela v. Spouses Esequio Ayuste and Ricarda Ayuste*, G.R. No. 194843 (Notice), 13 March 2019 citing *Raphael C. Fontanilla v. The Commissioner Proper. Commission on Audit*, G.R. No. 209714, 21 June 2016.

⁴² *Commissioner of Internal Revenue v. Azucena T. Reyes*, G. R Nos. 159694 and 163581, 27 January 2006.

⁴³ *Himlayang Pilipino Plans, Inc. v. Commissioner of Internal Revenue*, supra at note 4; Emphasis supplied.

⁴⁴ Supra at note 1. Emphasis supplied.

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The principle, however, is not absolute. When the assessment is void *ab initio* for want of due process, it produces no legal effect and may be assailed at any time, even if no protest was filed. A void assessment, being a nullity, cannot attain finality.

...

As a void assessment bears no fruit, sustaining the same will naturally result in unjust enrichment on the part of the CIR. In *Car Cool Philippines, Inc. v. Ushio Realty and Development Corporation*,⁴⁵ the Supreme Court defined unjust enrichment as follows:

...

We have held that "[t]here is unjust enrichment when a person unjustly retains a benefit to the loss of another, or when a person retains money or property of another against the fundamental principles of justice, equity and good conscience." Article 22 of the Civil Code provides that "[e]very person who through an act of performance by another, or any other means, acquires or comes into possession of something at the expense of the latter without just or legal ground, shall return the same to him." **The principle of unjust enrichment under Article 22 requires two conditions: (1) that a person is benefited without a valid basis or justification, and (2) that such benefit is derived at another's expense or damage.**

...

Similar to the above case, both conditions are present here. **First**, respondent CIR have already benefited by seizing (through public auction) a portion of petitioner's properties, and such taking is without valid basis or justification since it is based upon a void assessment. **Second**, the benefit is at petitioner-taxpayer's expense and damage.

Respondent's lapses should not be trivialized. They show a blatant disregard of a taxpayer's right to due process. Such right is primordial, fundamental, and inviolable. It is the cornerstone of justice and the primary safeguard against government oppression. It is enshrined in the Bill of Rights, which dictates that no person shall be deprived of life, liberty, or property without due process of law. A court that acts as a "bystander" to a travesty of such right fails in its duty.

Impelled by fundamental principles of justice, equity, and good conscience, I vote to:



⁴⁵

G.R. No. 138088, 23 January 2006. Citations omitted and emphasis supplied.

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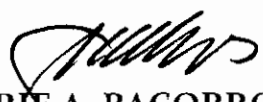
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- (a) **GRANT** the instant Petition for Review filed by petitioner Ronald Reyes Cruz on 08 January 2025;
- (b) **REVERSE** and **SET ASIDE** the assailed Decision dated 11 April 2024 and assailed Resolution dated 11 December 2024, of the Special Third Division in CTA Case No. 10404, entitled *Ronaldo Reyes Cruz v. Commissioner of Internal Revenue and Register of Deeds for the Province of Bulacan (Meycauayan Branch)*;
- (c) **NULLIFY** and **SET ASIDE** the Formal Letter of Demand and Final Assessment Notices dated 19 May 2014;
- (d) **NULLIFY** and **SET ASIDE** the Warrant of Dstraint and/or Levy, the Notice of Tax Lien, the Notice of Levy, the forfeiture and the consolidation of titles in favor of respondent Republic of the Philippines; and
- (e) **DIRECT** respondent Register of Deeds for the Province of Bulacan (Meycauayan Branch) to **CANCEL** the Transfer Certificates of Title issued in the name of respondent Republic of the Philippines and **REINSTATE** petitioner as the registered owner of TCT No. T-59023 P(M)/ TD No. 2014-14007-01827, TCT No. P-9201 (M)/TD No. 2014-14007-00130, and TCT No. P-9201 (M)/ TD No. 2014-14007-00131; and
- (f) **ORDER** respondent Commissioner of Internal Revenue to **LIFT** and **CANCEL** all annotations of lien, levy, encumbrance, forfeiture, or similar adverse claims on the said properties, and to cause the immediate recall of any certificates or instruments issued pursuant to the void acts herein nullified.

SO ORDERED.


JEAN MARIE A. BACORRO-VILLENA
Associate Justice