

REPUBLIC OF THE PHILIPPINES  
COURT OF TAX APPEALS  
QUEZON CITY

EN BANC

COMMISSIONER OF  
INTERNAL REVENUE,  
*Petitioner,*

CTA EB No. 2862  
(CTA Case No. 9651)

Present:

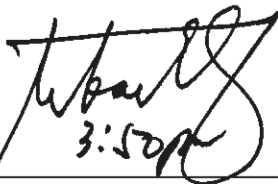
-versus-

DEL ROSARIO, P.J.,  
RINGPIS-LIBAN,  
MANAHAN,  
BACORRO-VILLENA,  
MODESTO-SAN PEDRO,  
REYES-FAJARDO,  
CUI-DAVID,  
FERRER-FLORES, and  
ANGELES, JL.

METRO RAIL TRANSIT  
CORPORATION,  
*Respondent.*

Promulgated:

SEP 02 2025

  
3:50 pm

x-----x

DECISION

REYES-FAJARDO, J.:

THE CASE

This is a Petition for Review filed by petitioner Commissioner of Internal Revenue ("CIR") appealing the Decision dated March 23, 2023<sup>1</sup> (the "assailed Decision") and the Resolution dated January 4, 2024<sup>2</sup> (the "assailed Resolution"), both rendered by the Special Third Division of this Court (the "Court in Division") in the case entitled

<sup>1</sup> Decision, Docket — pp. 29 to 44.

<sup>2</sup> Resolution, Docket — pp. 46 to 51.



*Metro Rail Transit Corporation v. Commissioner of Internal Revenue*, docketed as CTA Case No. 9651.

The assailed Decision granted respondent Metro Rail Transit Corporation ("MRTC")'s Petition for Review and set aside petitioner's Final Decision on Disputed Assessment ("FDDA") dated July 13, 2017 demanding payment of ₱9,687,807,050.62 which includes all basic taxes, surcharges, interests, and compromise penalties assessed for taxable year ("TY") 2012.

The assailed Resolution, on the other hand, denied the CIR's Motion for Reconsideration for lack of merit.

### THE PARTIES

The CIR is the chief of the Bureau of Internal Revenue ("BIR") and is vested with the authority to carry out the functions, duties and responsibilities of said Office pursuant to the provisions of the National Internal Revenue Code ("NIRC") of 1997, as amended, and other tax laws, rules and regulations.<sup>3</sup>

MRTC is a corporation duly organized and existing under the laws of the Philippines its primary purpose is to build, lease, maintain, and transfer a railway transit system in Metro Manila known as Phase I of the Light Rail Transit System ("LRT") Line 3, built pursuant to the Agreement, dated August 8, 1997, between Metro Rail Transit Corp. Limited and the Department of Transportation and Communications.<sup>4</sup>

### THE FACTS

The facts, as found by the Court in Division, are as follows:<sup>5</sup>

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<sup>3</sup> Decision, Docket — p. 30.

<sup>4</sup> Decision, Docket — p. 29.

<sup>5</sup> Decision, Docket — pp. 29 to 44.



CIR issued a Letter of Authority ("LOA") dated January 6, 2014, authorizing **Revenue Officer ("RO") Junely Ivanhoe Fernandez, RO Rayan James Dizon, and Group Supervisor ("GS") Cristina Costales** of Regular Large Taxpayers ("LT") Audit Division II to examine MRTC's books of accounts and other accounting records for all internal revenue taxes including documentary stamp tax and other taxes for the period January 1, 2012 to December 31, 2012.

On April 15, 2014, MRTC received a Preliminary Assessment Notice ("PAN") from the BIR's LT Service with attached Details of Discrepancies assessing petitioner for alleged deficiency taxes for the TY 2012 in the total amount of ₱5,574,722,813.15.

MRTC then filed a Reply to the PAN requesting the cancellation of the alleged deficiency tax assessments for lack of factual and legal basis.

On October 10, 2014, the BIR issued an Amended PAN, with attached Details of Discrepancies, increasing the alleged deficiency assessment to ₱6,926,203,506.93. Said Amended PAN was received by MRTC on even date.

On October 24, 2014, MRTC filed a Reply to the Amended PAN, once again requesting the cancellation of the alleged deficiency tax assessment for lack of factual and legal basis.

On June 30, 2015, respondent issued a Formal Letter of Demand ("FLD") with Final Assessment Notice ("FAN") and Details of Discrepancies, which was served to MRTC on July 1, 2015. Said FLD/FAN assessed MRTC deficiency taxes in the amount of ₱7,633,617,841.29.

MRTC filed its Protest with the BIR on July 30, 2015 and submitted all relevant supporting documents in relation to its Protest on September 24, 2015.



On May 9, 2017, Edralin M. Silario, Chief of the Regular LT Audit Division II, issued Memorandum of Assignment ("MOA") No. TVN-125-2017-20 to RO Ma. Catalina G. Benedicto ("**RO Benedicto**") and GS Joseph Christian B. Santos ("**GS Santos**") for the continuation of the audit/investigation to replace the previously assigned ROs who resigned.

On June 27, 2017, RO Benedicto submitted the Memorandum which served as basis for the Final Decision on Disputed Assessment ("FDDA"). The findings of RO Benedicto in said Memorandum were reviewed by GS Santos.

On July 13, 2017, the CIR issued a FDDA with Details of Discrepancies and Assessment Notices, demanding payment of ₱9,687,807,050.62 inclusive of interests, surcharges, and compromise penalties, with the following details:

|                    | IT             | IAET               | EWT            | WTC         | DST              |
|--------------------|----------------|--------------------|----------------|-------------|------------------|
| Basic Tax          | ₱997,997.56    | ₱ 4,576,725,904.38 | ₱ 4,734,797.52 | ₱ 32,284.54 | ₱ 292,558,866.10 |
| Surcharge          | -              | 1,144,181,476.09   | -              | -           | 73,139,716.52    |
| Interest           | 873,863.07     | 3,317,812,806.30   | 4,379,363.40   | -           | 272,199,975.14   |
| Compromise Penalty | -              | -                  | -              | -           | -                |
| Total              | ₱ 1,871,860.63 | ₱ 9,038,720,186.77 | ₱ 9,114,160.92 | ₱ 32,284.54 | ₱ 637,898,557.76 |

MRTC then filed the instant Petition for Review on August 16, 2017, praying for the cancellation of said FDDA.

Summons was served upon the CIR on October 6, 2017. On November 21, 2017, the CIR filed his Answer interposing the following defenses:

- (1) The BIR correctly assessed petitioner for deficiency income tax arising from the discrepancy between income payments claimed as expenses per Audited Financial Statements/Income Tax Returns and the amount subjected to withholding tax per Alphalist/remittance returns which showed that the corresponding withholding taxes were not remitted in full;
- (2) The assessment on Improperly Accumulated Earnings Tax (IAET) has factual and legal basis;

- (3) Contrary to MRTC's claim, the FDDA and attached Details of Discrepancies clearly stated the factual and legal basis of the Expanded Withholding Tax (EWT);
- (4) MRTC can be held liable for Withholding Tax on Compensation (WTC) arising from the discrepancy of error in computation per Alphalist using automatic computation;
- (5) MRTC is liable for deficiency Documentary Stamp Tax (DST) arising from its debt instruments in the form of advances to affiliates and finance lease;
- (6) MRTC is liable for surcharge and penalties for failure of petitioner to file and/or timely pay the tax due thereon; and that
- (7) The Court has no jurisdiction to rule on the EWT deficiency assessment for failure of petitioner to contest the assessment on rent, professional fees, and director's fees.

On 10 May 2019, the CIR filed his Supplemental Answer,<sup>6</sup> interposing the following additional defenses:

- (1) MRTC should not be allowed to attack for the first time on appeal the validity of the assessment on the ground of lack of authority;
- (2) The assessments were made pursuant to a valid LOA; the continuation of the audit by another RO not named in the LOA does not invalidate the assessment; and
- (3) Revenue Memorandum Order (RMO) No. 43-90 and *Medicard Philippines, Inc. v. Commissioner of Internal Revenue* ("*Medicard*")<sup>7</sup> find no application in the instant case.

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<sup>6</sup> Docket (CTA Case No. 9651), Volume 15, pp. 6814 to 6826.

<sup>7</sup> G.R. No. 222743, April 5, 2017.



Meanwhile, on December 29, 2017, the CIR transmitted the BIR Records of the case, consisting of one thousand three hundred forty-six (1,346) consecutively numbered pages contained in one (1) folder, and filed the corresponding Compliance, of which the Court took note in a Minute Resolution dated January 3, 2018.

The Pre-Trial Conference was held on November 13, 2018.

The parties filed their Joint Stipulation of Facts and Issues ("JSFI") on December 3, 2018, which the Court admitted and approved in its Resolution, dated December 10, 2018. Thus, on February 19, 2019, the Pre-Trial Order was rendered.

Trial ensued.

MRTC presented the following witnesses: (1) Mr. Romeo B. De Jesus, Jr., the Court-Commissioned Independent Certified Public Accountant ("ICPA"); (2) Atty. Roxanne B. Tadique; (3) Dr. Daniel Vincent H. Borja, Associate Professor at the University of the Philippines; (4) Mr. Churchill Longanilla, Accounting Supervisor of MRT Development Corporation; (5) Atty. Vincent S. Ventus, MRTC's Corporate Secretary; and (6) Ms. Carmen Cintura, MRTC's Former Accountant.

MRTC formally offered its documentary evidence on September 13, 2019, without comment from the CIR despite order.

In a Resolution dated December 3, 2019, the Court admitted all of petitioner's formally offered documentary evidence except for the following:

| Exhibit                                                                                                                                                                    | Reason for denial                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| Exhibits "P-39-1", "P-98", "P-98-1", "P-98-A", "P-98-A-1", "P-98-B", "P-98-B-1", "P-102", "P-110", "P-125-001", "P-125-005" to "P-125-007", and "P-125-014" to "P-125-050" | Failure to correspond with the documents actually marked |
| Exhibits "P-102-1" and "P-110-1"                                                                                                                                           | In view of the denial of Exhibits "P-102" and "P-110"    |
| Exhibits "P-11", "P-11-1", "P-12", "P-12-A", "P-13", "P-13-A", "P-14", "P-14-A", "P-18", "P-18-A", "P-18-B", and                                                           | For failure to present the originals for comparison      |

|                                                                                           |                                                                                   |
|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| "P-18-C"                                                                                  |                                                                                   |
| Exhibits "P-41", "P-41-A", and "P-41-B"                                                   | For failure to comply with the requisites for admissibility of secondary evidence |
| Exhibits "P-44", "P-44-A", "P-44-B", "P-44-C", "P-44-D", "P-44-E", and "P-44-F"           |                                                                                   |
| Exhibits "P-50", "P-50-A", "P-50-B", "P-50-C", "P-50-D", "P-50-E", "P-50-F", and "P-50-G" |                                                                                   |
| Exhibits "P-71", "P-71-1", and "P-72"                                                     |                                                                                   |
| Exhibit "P-73"                                                                            |                                                                                   |
| Exhibits "P-123-011" and "P-127-001" to "P-127-010"                                       | For being unreadable, or not properly scanned or blurred                          |

Subsequently, on December 26, 2019, MRTC filed a Motion for Partial Reconsideration for the admission of the foregoing denied exhibits, without the CIR's Comment despite order.

In a Resolution dated October 8, 2020, the Court admitted all of the foregoing Exhibits and noted the following: (1) The amended description of Exhibits "P-98", "P-98-1", "P-98-A", "P-98-A-1", "P-98-B", "P-98-B-1", "P-102", "P-110", and "P-125-001" to "P-125-050"; (2) In MRTC's Motion for Partial Reconsideration, Exhibit "P-125-024" pertaining to a letter dated July 16, 2007 was inadvertently identified as (P-135-024); (3) In MRTC's Motion for Reconsideration, it inadvertently identifies a letter dated April 30, 2012 marked as Exhibit "P-125-046" as a letter dated April 10, 2012; and (4) The clear and readable versions of Exhibits "P-123-011" and "P-127-001" to "P-127-010" attached to the Motion for Partial Reconsideration and the marking of the substitute versions accordingly.

Thereafter, the CIR presented his sole witness, RO Ma. Catalina G. Benedicto.

The CIR formally offered his documentary evidence on May 26, 2021 with petitioner's Comment (on Respondent's Formal Offer of Evidence) filed on May 28, 2021.

In a Resolution dated December 17, 2021, the Court admitted all of the CIR's formally offered documentary evidence except for Exhibits "R-15" and "R-16" for failure to mark the said exhibits.

The CIR filed his Memorandum on February 8, 2022 while MRTC filed its Memorandum on March 16, 2022. Thereafter, the case was submitted for decision on March 23, 2022.

On March 23, 2023, the assailed Decision was promulgated granting MRTC's Petition for Review.

Unfazed, the CIR filed his Motion for Reconsideration (re: Decision dated 23 March 2023) on April 27, 2023. MRTC then filed its Comment (on Respondent's Motion for Reconsideration Re: Decision dated 23 March 2023) on May 31, 2023. Thereafter, both were submitted for resolution.

On January 4, 2024, the assailed Resolution was promulgated denying the CIR's Motion for Reconsideration for lack of merit.

On February 8, 2024, the CIR filed a Motion for Extension to File Petition for Review.<sup>8</sup> The same was granted by the Court in a Minute Resolution dated February 13, 2024.<sup>9</sup>

On February 26, 2024, the CIR filed the present Petition for Review. Then on February 28, 2024, the CIR filed an Ex-Parte Compliance submitting certified true copy of the assailed Decision.<sup>10</sup>

On March 27, 2024, MRTC filed its Motion for Extension of Time to File Comment.<sup>11</sup> The same was granted by the Court in a Minute Resolution dated April 3, 2024.<sup>12</sup> Then on April 8, 2024, MRTC filed its Comment (on Petitioner's Petition for Review dated February 23, 2024).<sup>13</sup>

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<sup>8</sup> Docket – pp. 1 to 2.

<sup>9</sup> Docket – p. 6.

<sup>10</sup> Docket – pp. 52 to 53.

<sup>11</sup> Docket – pp. 73 to 74.

<sup>12</sup> Docket – p. 77.

<sup>13</sup> Comment, Docket – pp. 78 to 103.



On April 29, 2024, the Court resolved to refer the present case to the Philippine Mediation Center - Court of Tax Appeals ("PMC-CTA") for mediation pursuant to Section II of the Interim Guidelines for Implementing Mediation in the CTA. However, the parties decided not to have this case mediated by the PMC-CTA. Thereafter, this case was submitted for decision in a Minute Resolution dated July 3, 2024.<sup>14</sup>

### THE ISSUES

The issues are as follows:

- I. Whether or not the Court in Division erred in ruling on an issue raised for the first time on appeal; and
- II. Whether or not the Court in Division erred in ruling that the subject assessments are void.

### CIR's Arguments:

The CIR argues that: 1) MRTC should not be allowed to attack for the first time on appeal the validity of the assessment on the ground of lack of authority; 2) The assessments were made pursuant to a valid LOA. The continuation of the audit by another RO not named in the LOA does not invalidate the assessment; and 3) *Medicard* finds no application in the instant case.

### MRTC's Arguments:

MRTC maintains that: 1) the Court in Division correctly ruled that cases filed with it are litigated *de novo*; 2) Any reassignment of cases to another RO requires the issuance of a new LOA; 3) an LOA is required for audits done by the LTS; 4) A MOA issued pursuant to an LOA is not a valid alternative to a new LOA; and 5) *Medicard* applies to this case.

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<sup>14</sup> Docket -- p. 109.



## THE COURT'S RULING

The Petition for Review lacks merit.

Section 6(A) of the NIRC of 1997, as amended, restricts the authority to examine any taxpayer for correct determination of tax liabilities to the CIR or his duly authorized representatives. By way of exception, the CIR or his duly authorized representatives may authorize the examination of any taxpayer for the correct determination of tax liability:

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:** Provided, however, That failure to file a return shall not prevent the Commissioner from authorizing the examination of any taxpayer.<sup>15</sup>

...

Sections 10 (c) and 13 of the NIRC of 1997, as amended, specifically allows the Revenue Regional Directors to issue LOAs in favor of ROs performing assessment functions in their respective region and district offices for the examination of any taxpayer within such region:

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:

...

(c) **Issue Letters of authority for the examination of taxpayers within the region;**<sup>16</sup>

...

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<sup>15</sup> Emphasis supplied.

<sup>16</sup> *Id.*

SEC. 13. Authority of a Revenue Officer. — Subject to the rules and regulations to be prescribed by the Secretary of Finance, upon recommendation of the Commissioner, a Revenue Officer assigned to perform assessment functions in any district may, **pursuant to a Letter of Authority issued by the Revenue Regional Director**, examine taxpayers within the jurisdiction of the district in order to collect the correct amount of tax, or to recommend the assessment of any deficiency tax due in the same manner that the said acts could have been performed by the Revenue Regional Director himself.<sup>17</sup>

Section D(4) of RMO No. 43-90<sup>18</sup> additionally provides that the CIR, the Revenue Regional Directors, and the Deputy Commissioners are the only BIR officials authorized to issue and sign LOAs. Further, Section C(5) of the same RMO requires that any reassignment of the examination of a taxpayer's books of accounts, pursuant to an LOA, from one RO to another necessitates the issuance of a new LOA:<sup>19</sup>

C. Other policies for issuance of L/ As.

...

5. **Any re-assignment/transfer of cases to another RO(s)**, and revalidation of L/ As which have already expired, **shall require the issuance of a new L/A**, with the corresponding notation thereto, including the previous L/ A number and date of issue of said L/ As.<sup>20</sup>

Indeed, the LOA is the concrete manifestation of the grant of authority bestowed by the CIR or his authorized representatives to the ROs pursuant to Sections 6, 10(c) and 13 of the NIRC of 1997, as amended.<sup>21</sup> Jurisprudence holds that the practice of reassigning or transferring ROs, via a MOA, referral memorandum, or such other equivalent internal document of the BIR, without the issuance of a new LOA, is in effect a usurpation of the statutory power of the CIR or his duly authorized representatives.<sup>22</sup>

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<sup>17</sup> *Id.*

<sup>18</sup> Amendment of Revenue Memorandum Order No. 37-90 Prescribing Revised Policy Guidelines for Examination of Returns and Issuance of Letters of Authority to Audit, September 20, 1990.

<sup>19</sup> *Himlayang Pilipino Plans, Inc. v. Commissioner of Internal Revenue*, G.R. No. 241848, May 14, 2021.

<sup>20</sup> Emphasis supplied.

<sup>21</sup> *Commissioner of Internal Revenue v. McDonald's Philippines Realty Corp.*, G.R. No. 242670, May 10, 2021.

<sup>22</sup> *Id.*

Fittingly, *People v. E & D Parts Supply, Inc.*<sup>23</sup> emphasized that an LOA, a special authority granted to a particular officer, cannot be supplanted by a mere MOA or an equivalent document, *viz*:

Records show that LOA No. 2007 00000616 was issued to E & D's authorized Revenue Officer (RO) Dominga G. Madula to audit E & D's books of accounts for taxable year 2006. E & D's case was subsequently reassigned to RO Reinhard Dale A. Anaban (RO Anaban). However, no new LOA was issued in RO Anaban's name to continue the audit of E & D's books of accounts. His authority was merely anchored upon a Memorandum of Agreement signed by Revenue District Officer Teodoro A. Huelva of Revenue District No. 34.

Absent a LOA issued by the CIR or its duly authorized representatives, RO Anaban did not possess any authority to audit E & D's books of accounts. **The importance 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 officer is equivalent to the absence of a LOA itself which results in a void assessment. Being a void assessment, the same bears no fruit.**<sup>24</sup>

Here, the BIR Records show that the LOA dated January 6, 2014, was issued authorizing RO Junely Ivanhoe Fernandez, RO Rayan James Dizon, and GS Cristina Costales of Regular LT Audit Division II to examine MRTC's books of accounts for TY 2012. MRTC's case was then reassigned to RO Benedicto and GS Santos. However, no new LOA was issued to RO Benedicto and GS Santos. Instead, what was issued was a MOA signed by Edralin M. Silario, Chief of the Regular LT Audit Division II, authorizing RO Benedicto and GS Santos to continue the reinvestigation.

Absent a new or separate LOA issued by the CIR or his duly authorized representative, RO Benedicto and GS Santos are without authority to conduct the audit and recommend the issuance of the deficiency tax assessments. The resulting tax assessments are thus void and produce no valid fruit.

The CIR also faults the Court in Division for ruling on an issue raised for the first time on appeal.

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<sup>23</sup> G.R. No. 259284, January 24, 2024.

<sup>24</sup> Emphasis supplied.



Section 1, Rule 14 of the Revised Rules of the CTA provides:

RULE 14  
JUDGMENT, ITS ENTRY AND EXECUTION

SECTION 1. Rendition of judgment. – . . .

In deciding the case, the Court may not limit itself to the issues stipulated by the parties but may also rule upon related issues necessary to achieve an orderly disposition of the case.

Guided by the foregoing, the Supreme Court in *Commissioner of Internal Revenue v. Lancaster Philippines, Inc.*,<sup>25</sup> affirmed the authority of the CTA to rule on issues not raised by the parties to arrive at orderly disposition of the case:

[Section 1, Rule 14 of the Revised Rules of the CTA] is clearly worded. On the basis thereof, the CTA Division was, therefore, well within its authority to consider in its decision the question on the scope of authority of the revenue officers who were named in the LOA **even though the parties had not raised the same in their pleadings or memoranda**. The CTA En Banc was likewise correct in sustaining the CTA Division's view concerning such matter.

Moreover, *Himlayang Pilipino Plans, Inc. v. Commissioner of Internal Revenue*<sup>26</sup> categorically held that failure of taxpayer to raise the issue of an RO's lack of authority does not preclude the Court from considering the same as said issue goes into the intrinsic validity of the assessment itself. Since the validity of the tax assessments herein are anchored on the legality of the examination conducted by the BIR against it, the Court in Division may address the propriety thereof, despite the parties' failure to raise the same in their pleadings and pre-trial.

Overall, the Court thus finds no reversible error committed by the Court in Division when it annulled the CIR's FDDA dated July 13, 2017 demanding payment of ₱9,687,807,050.62 for basic deficiency taxes, surcharges, interests, and compromise penalties assessed for TY 2012.

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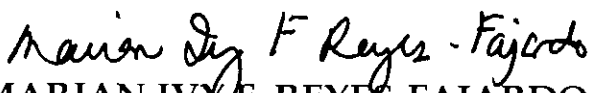
<sup>25</sup> G.R. No. 183408, July 12, 2017.

<sup>26</sup> G.R. No. 241848, May 14, 2021.

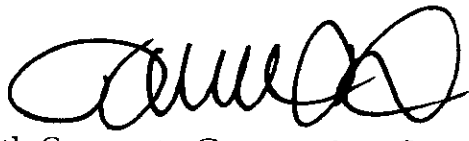
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**WHEREFORE**, in light of the foregoing considerations, the Petition for Review is **DENIED** for lack of merit. Accordingly, the Decision dated March 23, 2023 and the Resolution dated January 4, 2024 of the Special Third Division of this Court in CTA Case No. 9651 are **AFFIRMED**.

**SO ORDERED.**

  
**MARIAN IVY F. REYES-FAJARDO**  
Associate Justice

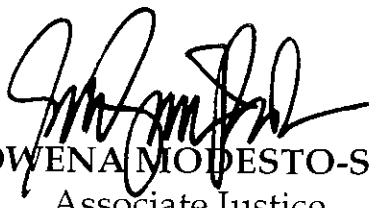
**WE CONCUR:**

  
(With Separate Concurring Opinion)  
**ROMAN G. DEL ROSARIO**  
Presiding Justice

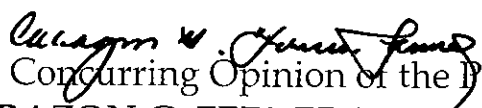
**ON LEAVE**  
**MA. BELEN M. RINGPIS-LIBAN**  
Associate Justice

  
(I join the Separate Concurring Opinion of the Presiding Justice)  
**CATHERINE T. MANAHAN**  
Associate Justice

  
(I join the Separate Concurring Opinion of the Presiding Justice)  
**JEAN MARIE A. BACORRO-VILLENA**  
Associate Justice

  
**MARIA ROWENA MODESTO-SAN PEDRO**  
Associate Justice

  
(I join the Separate Concurring Opinion of the Presiding Justice)  
**LANEE S. CUI-DAVID**  
Associate Justice

  
(I join the Separate Concurring Opinion of the Presiding Justice)  
**CORAZON G. FERRER-FLORES**  
Associate Justice

(Inhibited)  
**HENRY S. ANGELES**  
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.

  
ROMAN G. DEL ROSARIO  
Presiding Justice

REPUBLIC OF THE PHILIPPINES  
***Court of Tax Appeals***  
QUEZON CITY

**EN BANC**

COMMISSIONER OF INTERNAL  
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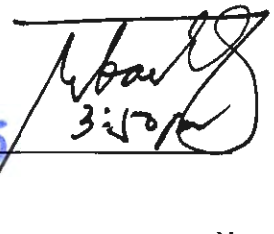
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REYES-FAJARDO,  
CUI-DAVID,  
FERRER-FLORES, and  
ANGELES, JJ.

METRO RAIL TRANSIT  
CORPORATION,  
Respondent.

Promulgated:

SEP 02 2025



X-----X

**SEPARATE CONCURRING OPINION**

***DEL ROSARIO, P.J.:***

I concur with the *ponencia* in denying for lack of merit the Petition for Review filed by the Commissioner of Internal Revenue (CIR), albeit on a different ground.

I wish to point out that one of the Revenue Officers (ROs) who continued the audit of respondent for its tax liabilities for taxable year (TY) 2012 was not authorized by a valid Letter of Authority (LOA).

A perusal of the records shows that RO Rayan James Dizon and Group Supervisor (GS) Ma. Amable B. Tan were the ones who continued the audit investigation and recommended the issuance of the Amended Preliminary Assessment Notice (PAN) and the Formal

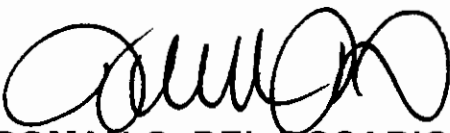


Letter of Demand and Final Assessment Notices (FLD/FAN).<sup>1</sup> While RO Dizon was authorized by the LOA dated January 6, 2014,<sup>2</sup> there was no new LOA issued authorizing GS Tan to continue the audit of respondent's tax liabilities for TY 2012. The authority of GS Tan emanated only from the Memorandum of Assignment (MOA) dated August 6, 2015<sup>3</sup> issued by OIC-Chief Mitchell L. Yu of the Large Taxpayers Regular Audit Division 2, who is not holding the rank of a Regional Director / Head Revenue Executive Assistant / Assistant Commissioner. Said MOA cannot be regarded as a valid LOA within the context of the law.<sup>4</sup> Hence, GS Tan had no valid authority to continue the audit or investigation of respondent's books of accounts and other accounting records for TY 2012.

Since the conduct of the audit of respondent was legally flawed, the assessments issued against it are inescapably void. Needless to say, a void assessment bears no fruit<sup>5</sup> and must be slain at sight.

In fine, for want of a valid LOA in favor of GS Tan, the audit of respondent and the FLD/FAN assessing respondent for deficiency taxes for TY 2012, issued as a consequence thereof, are void.

All told, I VOTE to DENY the present Petition for Review for lack of merit.

  
**ROMAN G. DEL ROSARIO**  
Presiding Justice

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<sup>1</sup> Exhibit "R-6" and "R-8", BIR Records, pp. 378-383 and pp. 796-801.

<sup>2</sup> Exhibit "R-1", BIR Records, p. 2.

<sup>3</sup> Exhibit "P-113", CTA Case No. 9651 Docket, Vol. 26, p. 12794.

<sup>4</sup> *Commissioner of Internal Revenue vs. McDonald's Philippines Realty Corp.*, G.R. No. 242670, May 10, 2021.

<sup>5</sup> *Commissioner of Internal Revenue vs. Metro Star Superama, Inc.*, G.R. No. 185371, December 8, 2010.