

**SPECIAL SECOND DIVISION**

Members:

**RINGPIS-LIBAN, P.J., Chairperson,  
MODESTO-SAN PEDRO, and  
FERRER-FLORES, JJ.**

Respondent.

SEP 29 2026

4:17 PM

X

-2-

**FERRER-FLORES, J.:**

**SO ORDERED.**

<sup>1</sup> Docket – Vol. III, pp. 1248 to 1265.

## RESOLUTION

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In his *Motion*, respondent argues that the Court erred in declaring the subject deficiency assessments as void, contending that the second Letter of Authority with LOA No. LOA-211-2021-00000009 (SN: eLA201900006387) issued on February 26, 2021 (Second LOA),<sup>2</sup> specifically covering taxable period January 1, 2008 to December 31, 2012, is valid. Respondent explains that pursuant to Revenue Memorandum Order (RMO) No. 43-90,<sup>3</sup> what is prohibited is the issuance of LOAs covering audit of “unverified prior years”, and not LOAs covering multiple taxable years *per se*.

Respondent also asserts that the issuance of the Formal Letter of Demand (FLD) on March 9, 2022<sup>4</sup> was well within the 10-year extraordinary period within which to assess petitioner since the said deficiency assessments were made pursuant to the discovery of falsified and fraudulent returns. Consequently, as petitioner is being investigated for falsity, fraud, or omission in its tax returns by the National Investigation Division, the holding period applicable for petitioner’s accounting records is not the five-year period, but the 10-year period as well.

Lastly, respondent assails the Court’s conclusion in declaring the validity of the Second LOA as an issue directly adjudged in Court of Tax Appeals (CTA) Case No. 10618,<sup>5</sup> which can no longer be relitigated in the present case by virtue of the principle *res judicata*.

On the other hand, in its *Comment*, petitioner points out that respondent’s *Motion for Reconsideration* clearly reveals that the arguments and discussions raised are nothing but a mere rehash of the averments previously stated in his *Answer*<sup>6</sup> filed on August 22, 2023. As such, there is no cogent reason to reconsider the arguments raised by respondent in the present *Motion* since they were already exhaustively passed upon, duly considered, and resolved by this Court in the assailed Decision.

Nonetheless, petitioner echoes the Court’s finding in adopting the conclusion reached in CTA Case No. 10618, which held that the Second LOA is void. Petitioner reiterates that issuance of an LOA covering more than one taxable year is prohibited and the cited RMO No. 43-90 expressly provides that, “a LOA should cover a taxable period not exceeding one taxable year”. *uy*

<sup>2</sup> Exhibit “R-2”, BIR Records – Folder 3 (Exhibit “R-13-b”), p. 1890.

<sup>3</sup> SUBJECT: Amendment of Revenue Memorandum Order No. 37-90 Prescribing Revised Policy Guidelines for Examination of Returns and Issuance of Letters of Authority to Audit.

<sup>4</sup> Exhibit “P-17”, Docket – Vol. II, pp. 369 to 384; Exhibit “R-10”, BIR Records – Folder 4 (Exhibit “R-13-c”), pp. 2318 to 2344.

<sup>5</sup> *Philippine Hydro (PH), Inc. vs. Commissioner of Internal Revenue*, CTA Case No. 10618, March 6, 2023. This case was eventually appealed to the Supreme Court docketed as G.R. No. 274107.

<sup>6</sup> Docket – Vol. I. pp. 220 to 243

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Petitioner likewise contends that respondent's right to assess its internal revenue taxes for TYs 2008 to 2012 had already prescribed when the Second LOA was issued, as there was no indication that the tax examination was a result of fraud that would have triggered the application of the extraordinary prescriptive period of 10 years. Petitioner further submits that the Court properly held that the validity of the Second LOA is an issue directly adjudged in CTA Case No. 10618 that is already conclusive in determining the validity of the 2008 to 2012 assessments, which is also the subject matter of the present case.

Lastly, petitioner insists that the assessment for deficiency income tax and VAT that stemmed from the Second LOA is also void as the revenue officers effectively lacked the requisite authority to conduct the audit investigation on petitioner's books of recounts.

After due consideration, the Court finds respondent's *Motion for Reconsideration* bereft of merit.

As correctly pointed out by petitioner, the arguments raised in respondent's *Motion for Reconsideration* are mere reiterations of the arguments that were previously raised in his *Answer*,<sup>7</sup> which have already been considered and pronounced without merit by this Court in the Decision promulgated on May 6, 2026. Accordingly, it behooves the movant to convince the Court that certain findings or conclusions in the Decision being assailed are contrary to law. As it is, however, the instant motion does not raise any new or substantial legitimate ground or reason to justify the reconsideration sought.<sup>8</sup>

As the grounds relied upon by respondent are mere reiterations of the issues already passed upon, the Court need not deal individually and specifically with the arguments, in much the same way that the Court does in its judgment as regards the issues raised and submitted for decision. In the case of *Social Justice Society (SJS) Officers v. Lim*,<sup>9</sup> the Supreme Court held that the grounds relied on being mere reiterations of the issues already passed upon by the Court, there is no need to "cut and paste" pertinent portions of the Decision or re-write the *ponencia* in accordance with the outline of the instant motion, thus:

As succinctly put by then Chief Justice Andres R. Narvasa in *Ortigas and Co. Ltd. Partnership v. Judge Velasco* on the effect and disposition of a motion for reconsideration: <sup>14</sup>

<sup>7</sup> Docket – Vol. I, pp. 220 to 243.

<sup>8</sup> *Shangri-La International Hotel Management, Ltd., et al. v. Developers Group of Companies, Inc.*, G.R. No. 159938 (Resolution), January 22, 2007, citing *Guerra Enterprises Company, Inc. v. Court of First Instance of Lanao del Sur, et al.*, G.R. No. L-28310, April 17, 1970.

<sup>9</sup> G.R. Nos. 187836 and 187916, March 10, 2015.

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The filing of a motion for reconsideration, authorized by Rule 52 of the Rules of Court, does not impose on the Court the obligation to deal individually and specifically with the grounds relied upon therefor, in much the same way that the Court does in its judgment or final order as regards the issues raised and submitted for decision. This would be a useless formality or ritual invariably involving merely a reiteration of the reasons already set forth in the judgment or final order for rejecting the arguments advanced by the movant; and it would be a needless act, too, with respect to issues raised for the first time, these being, as above stated, deemed waived because not asserted at the first opportunity. It suffices for the Court to deal generally and summarily with the motion for reconsideration, and merely state a legal ground for its denial (Sec. 14, Art. VIII, Constitution); *i.e.*, the motion contains merely a reiteration or rehash of arguments already submitted to and pronounced without merit by the Court in its judgment, or the basic issues have already been passed upon, or the motion discloses no substantial argument or cogent reason to warrant reconsideration or modification of the judgment or final order; or the arguments in the motion are too unsubstantial to require consideration, etc.

Verily, the Court again stresses that the two LOAs, both covering more than one taxable year, are invalid as they violate respondent's own rules and regulations, as ruled by the Supreme Court in *Commissioner of Internal Revenue vs. Sony Philippines, Inc.*<sup>10</sup>

As earlier stated, LOA 19734 covered 'the period 1997 and unverified prior years.' For said reason, the CIR acting through its revenue officers went beyond the scope of their authority because the deficiency VAT assessment they arrived at was based on records from January to March 1998 or using the fiscal year which ended in March 31, 1998. As pointed out by the CTA-First Division in its April 28, 2005 Resolution, the CIR knew which period should be covered by the investigation. Thus, if CIR wanted or intended the investigation to include the year 1998, it should have done so by including it in the LOA or issuing another LOA.

Upon review, the CTA-EB even added that the coverage of LOA 19734, particularly the phrase 'and unverified prior years,' violated Section C of Revenue Memorandum Order No. 43-90 dated September 20, 1990, the pertinent portion of which reads:

3. A Letter of Authority should cover a **taxable period not exceeding one taxable year**. The practice of issuing L/As covering audit of 'unverified prior years' is hereby prohibited. If the audit of a taxpayer shall include more than one taxable period, the other

<sup>10</sup> G.R. No. 178697, November 17, 2010.

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periods or years shall be specifically indicated in the L/A. [Emphasis supplied]”

In the same vein, both RMO Nos. 36-99<sup>11</sup> and 19-2015<sup>12</sup> explicitly and consistently require the issuance of one LOA per taxable year or period to be audited. Section 6.2, Part II of RMO No. 36-99 states that:

### III. GUIDELINES AND PROCEDURES

X X X

- 6.2 **One LA shall be issued for each taxable year to include all internal revenue tax liabilities of the taxpayer.** However, for purposes of verifying tax liabilities of a decedent, one consolidated LA shall be issued to cover the estate tax liability and the income tax liability for the immediately preceding year up to the time of the death of the taxpayer. (*Emphasis added*)

Whereas, Section 8, Part III of RMO No. 19-2015 provides:

### III. Policies and Procedures

X X X

8. As a general policy, the simultaneous investigation of all liabilities of the taxpayer shall be followed. **One (1) eLA shall be issued for each taxable year or period to include all internal revenue tax liabilities of the taxpayer,** except when a specific tax type had been previously examined (*e.g., audit of VAT under VAT Audit Program and VAT arising from claim of tax refund/credit*). (*Emphasis added*)

The nullification of the Second LOA in CTA Case No. 10618 is deemed conclusive between the parties and can no longer be relitigated considering that the said ruling has already attained finality by virtue of the Entry of Judgment of the Supreme Court Resolution in G.R. No. 274107<sup>13</sup> denying respondent's petition.

In view of the foregoing disquisitions, there being no new matter or substantial issue raised by respondent in his *Motion for Reconsideration*, the Court finds no compelling reason to reverse or modify the Decision promulgated on May 6, 2026. 

<sup>11</sup> SUBJECT: Guidelines and Procedures in the Issuance of Letters of Authority, Approval of Audit Reports and Issuance of Assessment Notices and Amending Certain Provisions of Revenue Memorandum Order (RMO) Nos. 26-94, 37-94 and 23-97.

<sup>12</sup> SUBJECT: BIR Audit Program.

<sup>13</sup> Entry of Judgment dated January 30, 2025.

**RESOLUTION**

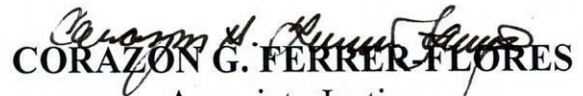
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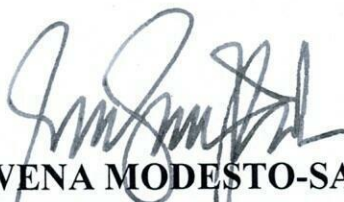
**ACCORDINGLY**, respondent's **Motion for Reconsideration (Re: Decision dated 6 May 2026)** is **DENIED** for lack of merit.

**SO ORDERED.**

  
**CORAZON G. FERRER-FLORES**  
Associate Justice

We Concur:

  
**MA. BELEN M. RINGPIS-LIBAN**  
Presiding Justice

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