

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

COMMISSIONER OF INTERNAL
REVENUE,

Petitioner,

CTA EB No. 2933
(CTA Case No. 10193)

- *versus* -

BLOOMBERRY RESORTS
CORPORATION,

Respondent.

X-----X

BLOOMBERRY RESORTS
CORPORATION,

Petitioner,

CTA EB No. 2935
(CTA Case No. 10193)

Present:

- *versus* -

Ringpis-Liban,
Bacorro-Villena,
Modesto-San Pedro,
Reyes-Fajardo,
Cui-David,
Ferrer-Flores, and
Angeles, II.

COMMISSIONER OF INTERNAL
REVENUE,

Respondent.

Promulgated:

FEB 03 2026

[Signature] 2:05 p.m.

X-----X

RESOLUTION

RINGPIS-LIBAN, P.J.:

For resolution of the Court is the Commissioner of Internal Revenue
(CIR)'s *Motion for Reconsideration Re: Decision promulgated August 6, 2025* (Motion),

RESOLUTION

CTA EB Nos. 2933 & 2935 (CTA Case No. 10193)

Page 2 of 7

filed via electronic mail on August 26, 2025, seeking reconsideration of the Decision promulgated on August 6, 2025 (Assailed Decision). In the said Assailed Decision, the Court *En Banc* denied the CIR's Petition for Review docketed as CTA EB No. 2933 for lack of merit while it granted the Petition for Review filed by Bloomberry Resorts Corporation (Bloomberry) docketed as CTA EB No. 2935.

In seeking reconsideration, the CIR raises the following grounds:

GROUND OF THE MOTION FOR RECONSIDERATION

I.

WITH ALL DUE RESPECT, THE HONORABLE COURT *EN BANC* ERRED WHEN IT CANCELLED AND SET ASIDE THE COMPROMISE PENALTY FOR TAXABLE YEAR 2015.

II.

WITH ALL DUE RESPECT, THE HONORABLE COURT *EN BANC* ERRED IN REVERSING, SETTING ASIDE, AND MODIFYING THE DECISION DATED MAY 29, 2023 AND RESOLUTION DATED MAY 27, 2024 BOTH RENDERED BY THE SPECIAL SECOND DIVISION, RULING THAT BLOOMBERRY RESORTS CORPORATION IS NOT LIABLE FOR DOCUMENTARY STAMP TAX FOR TAXABLE YEAR 2015.

ARGUMENTS

The CIR argues that the Court *En Banc* erred in cancelling and setting aside the compromise penalty of ₱50,000.00 for taxable year 2015. He contends that the imposition of compromise penalty is justified under Section 255 of the National Internal Revenue Code of 1997, as amended (1997 NIRC), and Revenue Memorandum Order No. 7-2015 because Bloomberry failed to pay the deficiency documentary stamp tax (DST) at the time required by law. The CIR invokes the Supreme Court's ruling in *Commissioner of Internal Revenue v. Filinvest Development Corporation*¹ to support the validity of compromise penalties. He maintains that while the 1997 NIRC uses the term "compromise," the nature of such penalty is essentially a fine imposed for violations of the 1997 NIRC, and not a compromise agreement requiring mutual consent.

The CIR also asserts that the Court *En Banc* erred in ruling that Bloomberry is not liable for DST on the loan transactions with its non-resident foreign corporation (NRFC) affiliates. He argues that a clear nexus exists between the transactions and the Philippines because Bloomberry, a Philippine domestic corporation subject to Philippine laws, extended loans to its NRFC affiliates, thereby giving rise to obligations arising from Philippine sources. The CIR maintains that Sections 173 and 179 of the 1997 NIRC do not require the

¹ G.R. Nos. 163653 & 167689, July 19, 2011 ("*Filinvest*").

RESOLUTION

CTA EB Nos. 2933 & 2935 (CTA Case No. 10193)

Page 3 of 7

perfection of the contract through delivery of the loan proceeds as a prerequisite for DST liability to attach. He emphasizes that DST is an excise tax imposed on the privilege of executing specific instruments, independent of whether the contracts materialize or the object is delivered. The CIR further contends that the situs rules for DST should be governed by the place where the document is made or the obligation arises, not where performance or delivery occurs. He warns that exempting transactions merely because the loan proceeds are delivered abroad would undermine the legislative intent to plug loopholes in the DST law.

TIMELINESS OF THE MOTION

Section 1, Rule 15 of the Revised Rules of the Court of Tax Appeals (RRCTA) provides:

RULE 15

MOTION FOR RECONSIDERATION OR NEW TRIAL

SEC. 1. *Who may and when to file motion.* — Any aggrieved party may seek a reconsideration or new trial of any decision, resolution or order of the Court by filing a motion for reconsideration or new trial within fifteen days from the date of receipt of notice of the decision, resolution or order of the Court in question.

The CIR received the Assailed Decision on August 11, 2025. Counting fifteen (15) days from said date, the CIR had until August 26, 2025 within which to file his Motion for Reconsideration. The Motion having been filed on August 26, 2025, the same was timely filed.

THE COURT'S RULING

The Motion for Reconsideration is denied.

In *Shangri-la International Hotel Management, Ltd., et al. v. Developers Group of Companies, Inc.*,² the Supreme Court held that a motion for reconsideration must raise matters that are substantially plausible to warrant the relief sought, thus:

The bulk of the aforementioned grounds is a mere rehash of movants previous arguments. While DGCI is correct in stating that a motion for reconsideration, by its very nature, may tend to dwell on issues already resolved in the decision sought to be reconsidered and that this should not be an obstacle for a reconsideration, the hard reality is that movant has failed to raise matters substantially plausible or compellingly persuasive to warrant the desired cause of action.

² G.R. No. 159938 (Resolution), January 22, 2007.

RESOLUTION

CTA EB Nos. 2933 & 2935 (CTA Case No. 10193)

Page 4 of 7

Considering that the grounds presently raised have been sufficiently considered, if not squarely addressed, in the subject Decision, it behooves movant to convince the Court that certain findings or conclusions in the Decision 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.

Similarly, in *Harry L. Roque, Jr., et. al. v. Commission on Elections, represented by Hon. Chairman Jose Melo, et al.*,³ the Supreme Court *En Banc* ruled that when a motion for reconsideration fails to raise matters substantially plausible or compellingly persuasive, it must be denied, thus:

Petitioner's above contention, as well as the arguments, citations and premises holding it together, is a rehash of their previous position articulated in their memorandum in support of their petition. They have been considered, squarely addressed, and found to be without merit in the Decision subject hereof. The Court is not inclined to embark on another extended discussion of the same issue again x x x.

While a motion for reconsideration may tend to dwell on issues already resolved in the decision sought to be reconsidered – and this should not be an obstacle for a reconsideration – the hard reality is that petitioners have failed to raise matters substantially plausible or compellingly persuasive to warrant the desired course of action.

On the Compromise Penalty

The CIR's arguments on the compromise penalty have been thoroughly addressed in the Assailed Decision. The Court *En Banc* ruled, and reiterates, that compromise penalty cannot be unilaterally imposed without the taxpayer's conformity. This ruling is firmly anchored on the Supreme Court's pronouncement in *San Miguel Corporation v. Commissioner of Internal Revenue*,⁴ where the Supreme Court affirmed the cancellation of compromise penalty and clarified that compromise is, by nature, bilateral and consensual, thus requiring the taxpayer's agreement for valid imposition.

The Supreme Court in *San Miguel* went further by stating that "compromise penalt[ies] are amounts suggested in the settlement of criminal tax liability. Since SMC's case does not involve criminal tax liabilities, the compromise penalty should not have been imposed and collected." The present case does not involve criminal tax liabilities. Accordingly, there is no basis for the CIR to require payment of compromise penalty.

³ G.R. No. 188456 (Resolution), February 10, 2010.

⁴ G.R. Nos. 257697 & 259446, April 12, 2023 ("*San Miguel*").

RESOLUTION

CTA EB Nos. 2933 & 2935 (CTA Case No. 10193)

Page 5 of 7

The CIR's reliance on *Filinvest* is misplaced. The Supreme Court in *San Miguel* explicitly re-visited its previous ruling in *Filinvest* but it nonetheless upheld the cancellation of the compromise penalty. The more recent ruling in *San Miguel* represents the prevailing jurisprudence on this matter.

On the DST Liability

The CIR's arguments regarding DST liability essentially ask the Court to reconsider findings that were extensively discussed and resolved in the Assailed Decision. No new matter or substantial argument was presented that would warrant a reversal or modification of the Court's ruling.

The Court *En Banc* carefully examined the statutory provisions, legislative intent and history, and relevant jurisprudence in determining that the loan transactions between Bloomberry and its NIRC affiliates are not subject to DST. The Assailed Decision extensively discussed why the nationality or residence of the contracting parties is not determinative of situs for DST purposes, and why the term "sources" in Section 173 refers to the contract itself—specifically, that the obligation arises from Philippine sources only if the contract from which it originated was perfected in the Philippines.

The CIR's assertion that "nexus" exists merely because Bloomberry is a Philippine domestic corporation does not align with the plain language of Sections 173 and 179 of the 1997 NIRC. As the Court *En Banc* held in the Assailed Decision, nothing in the statutory texts indicates that the nationality or residence of the contracting parties should determine situs for DST purposes. The legislative history of the 1993 amendments to the DST law confirms that Congress changed the situs rules from the place of execution of the document to where "the obligation or right arises from Philippine sources" or, for debt instruments, where "the object of the contract is located or used in the Philippines." This legislative change was intended to prevent tax avoidance by executing documents abroad—not to subject transactions to DST based solely on a party's nationality or domicile.

The CIR's argument that DST liability attaches from the inception of the loan agreement regardless of where the loan proceeds are delivered misconstrues the nature of loan contracts under Philippine law. As discussed in the Assailed Decision, loan contracts are real contracts under Article 1934 of the Civil Code, perfected only upon delivery of the object. The statutory requirement in Section 179 that "the object of the contract is located or used in the Philippines" for debt instruments to be subject to DST aligns with this characterization of loan as a real contract. The evidence on record preponderates in favor of the finding that the loan proceeds were released, located, and used outside the Philippines, specifically in the Republic of Korea.

RESOLUTION

CTA EB Nos. 2933 & 2935 (CTA Case No. 10193)

Page **6** of **7**

The CIR's contention that exempting transactions based on where the loan proceeds are delivered would "undermine the purpose for which the amendments to the provisions of DST under the Tax Code were introduced" is unfounded. The 1993 amendments were designed to prevent parties from avoiding DST by simply executing documents abroad when the transaction otherwise has a connection to the Philippines. The amendments were not intended to subject all transactions involving Philippine residents or citizens to DST regardless of where the contract is perfected or where its object is located or used. To interpret the law as the CIR suggests would run counter to the principle that tax laws must be construed strictly against the State and liberally in favor of the taxpayer.

Finally, the CIR invokes the presumption of correctness of tax assessments. While such presumption exists, it is not conclusive. The taxpayer can overcome this presumption by presenting sufficient evidence showing the assessment's inaccuracy. In this case, Bloomberry presented testimonial evidence establishing that the loan proceeds were utilized by its NRTC affiliates in their operations in the Republic of Korea. This evidence, which remains uncontradicted, is adequate to overcome the presumption and establish that the subject transactions lack the necessary situs within the Philippines for DST purposes.

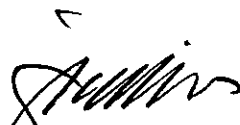
ACCORDINGLY, the Commissioner of Internal Revenue's *Motion for Reconsideration Re: Decision promulgated August 6, 2025* is **DENIED** for lack of merit.

SO ORDERED.



MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

WE CONCUR:

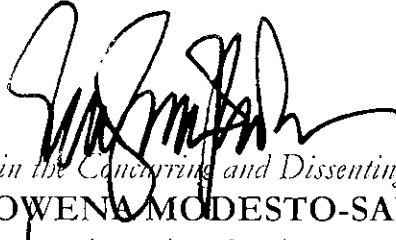


I concur and reiterate my Separate Concurring Opinion
JEAN MARIE A. BACORRO-VILLENA
Associate Justice

RESOLUTION

CTA EB Nos. 2933 & 2935 (CTA Case No. 10193)

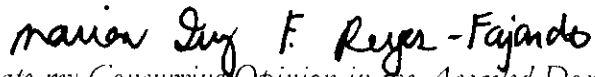
Page **7** of **7**



With due respect, I join the Concurring and Dissenting Opinion of J. David

MARIA ROWENA MODESTO-SAN PEDRO

Associate Justice



I reiterate my Concurring Opinion in the Assailed Decision

MARIAN IVY F. REYES-FAJARDO

Associate Justice



*With due respect, I maintain my Concurring and Dissenting
Opinion dated August 6, 2025*

LANEE S. CUI-DAVID

Associate Justice



*With due respect, I reiterate my joining the Concurring and Dissenting
Opinion of Justice Lane S. Cui-David*

CORAZON G. FERRER-FLORES

Associate Justice



HENRY S. ANGELES

Associate Justice