

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL THIRD DIVISION

APOLLO
CORPORATION,

GLOBAL
Petitioner,

CTA Case No. 10684

Members:

- versus -

REYES-FAJARDO, *Chairperson,*
and ANGELES, II.

COMMISSIONER OF
INTERNAL REVENUE,
Respondent.

Promulgated:

SEP 25 2026

9:00 a.m.

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JUDGMENT BY COMPROMISE AGREEMENT

REYES-FAJARDO, J.:

On July 8, 2026, petitioner and respondent executed a Judicial Compromise Agreement (JCA), which is hereby reproduced *in verbatim*:

JUDICIAL COMPROMISE AGREEMENT

KNOWN ALL MEN BY THESE PRESENTS:

This JUDICIAL COMPROMISE AGREEMENT ("Agreement"), made and executed, by and between:

APOLLO GLOBAL CORPORATION ("TAXPAYER"), a domestic corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office address at 1703-A East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City, represented by its Director and Legal Counsel, **ATTY. MARY ANNE E. LAURIANO**;

- and -



The **BUREAU OF INTERNAL REVENUE ("BIR")**, with principal office at Bureau of Internal Revenue, National Office Building, Agham Road, Diliman, Quezon City, represented by the Commissioner of Internal Revenue, **CHARLITO MARTIN R. MENDOZA** (collectively, the "**PARTIES**");

- WITNESSETH THAT -

WHEREAS, the **BIR** issued a **FINAL DECISION ON DISPUTED ASSESSMENT ("FDDA")**, dated March 06, 2020 finding the **TAXPAYER** liable for deficiency income tax (IT) in the aggregate amount of Php 6,201,042.28, inclusive of increments.

WHEREAS, the **BIR** issued Warrant of Dstraint and/or Levy dated October 22, 2021 (the "**WDL**"), which seeks to collect the deficiency **IT**, **EWT** and **DST** in the amount of Php 6,201,042.28, inclusive of increments, from the **TAXPAYER**;

WHEREAS, the **TAXPAYER** instituted an action against the **BIR** entitled "**APOLLO GLOBAL CORPORATION, vs. COMMISSIONER OF INTERNAL REVENUE**", docketed as CTA Case No. 10684, pending before the Honorable Third Division of the Court of Tax Appeals ("**CTA**"), seeking to quash the **WDL**, suspend collection of taxes, and the cancellation of the assessment of the alleged deficiency **IT** in the amount of Php 6,201,042.28, inclusive of increments;

WHEREAS, the **TAXPAYER** has submitted its proposal to the **BIR** with the intention to enter into a judicial compromise pursuant to the provisions of the Civil Code of the Philippines, jurisprudence, relevant decisions of the Honorable **CTA** and relevant laws on judicial compromise;

WHEREAS, the **BIR** has evaluated the **TAXPAYER'S** proposal for amicable settlement and believes that a judicial compromise to allow immediate tax collection and also put an end to litigation as provided in the Civil Code of the Philippines, serves the interest of the Government;

WHEREAS, the **PARTIES**, ensure that the terms of the amicable settlement as contained in this Agreement do not circumvent the limitations provided in Section 204 of the National Internal Revenue Code on administrative compromise proceedings;

WHEREAS, the **PARTIES**, for the purpose of avoiding and putting an end to a protracted, expensive, and mutually prejudicial litigation, have agreed to amicably settle the above-mentioned case, upon terms and conditions hereinafter set forth;

NOW, THEREFORE, for and in consideration of the foregoing premises, the **PARTIES** hereto have agreed as follows:

Section 1. Judicial Compromise Amount. In order to settle the above-mentioned case, the **TAXPAYER** has offered and the **BIR** has accepted the total compromise amount of Eight Hundred Twenty-Four Thousand, Four Hundred Fifty-Six and 50/100 Pesos (Php 824,456.50) ("Judicial Compromise Amount").

This amount is broken down as follows:

Tax Type	Basic Tax	Compromise Amount	%
IT	2,061,141.25	824,456.50	40%
Total	2,061,141.25		

Section 2. Submission to the Honorable CTA. This Agreement fully signed by the **PARTIES** shall be submitted for the approval of the Honorable CTA in CTA Case No. 10684. The **PARTIES** undertake to perform any and all acts, and submit any and all documents required by the Honorable CTA to be able to render a Judgment by Compromise Agreement in the said case.

Section 3. Effectivity of the Agreement. This Agreement shall only take effect and bind the **PARTIES** upon final approval by the Honorable CTA. This Agreement shall thereafter remain in force and effect until completion and fulfillment of the covenants and undertaking of the **PARTIES** hereto.

Section 4. Deliverables of the PARTIES upon approval of this Agreement by the Honorable CTA. Upon payment by the **TAXPAYER** of the Judicial Compromise Amount and upon receipt thereof, the **BIR** undertakes to execute and deliver to the Taxpayer any and all documents as may be required to effectively and fully implement the provisions of this Agreement, including but not limited to, the Authority to Cancel Assessment withdrawing and cancelling the FDDA dated March 06, 2020 and WDL dated October 22, 2021.

Section 5. Authority to Enter Compromise Agreement. The **BIR**, through Commissioner Charlito Martin R. Mendoza warrants that he has the necessary authority and capacity under the law to enter, sign, and execute this Agreement, and to deliver its implementing documents upon its approval of the Honorable CTA.

The **TAXPAYER** through its Director and legal counsel, **ATTY. MARY ANNE E. LAURIANO**, similarly warrants that she is duly authorized by the Board of Directors of the **TAXPAYER** and has full legal capacity to enter, sign, and execute this Agreement, and to deliver payment of the above-agreed amount.

Section 6. Full and Final Settlement. This Agreement is executed by the **PARTIES** for the purpose of amicably settling and ending CTA Case No. 10684. Upon performance by the



TAXPAYER of its obligations under Section 4 hereof, the BIR recognizes the full satisfaction of the supposed tax liability of the **TAXPAYER** in connection with CTA Case No. 10684 and the BIR acknowledges that the **TAXPAYER** no longer has any tax liability whatsoever based upon, arising from or in connection with the particular subject of CTA Case No. 10684.

Section 7. Disapproval of this Agreement by the Honorable CTA. In the event that this Agreement is disapproved by the Honorable CTA, the **PARTIES** agree to a curing period of sixty (60) days from receipt of the Order/Resolution disapproving this Agreement. During such curing period, the **PARTIES** mutually agree to perform any and all acts necessary to rectify or correct the deficiency, defect or imperfection which caused its disapproval, and re-submit the rectified or corrected Agreement for approval of the Honorable CTA. However, in case the deficiency, defect or imperfection is not or cannot be rectified or corrected within the said curing period, or still not approved by the Honorable CTA after it is rectified or corrected by the parties:

1. The amount insofar already paid by the **TAXPAYER** to the BIR shall be deemed a tax credit which may be applied against internal revenue taxes for which the **TAXPAYER** may be directly liable, as allowed under existing rules and regulations; and
2. The proceedings of CTA Case No. 10684 shall continue and the discussions pursuant to the disapproved Agreement cannot be used by the **PARTIES** in said proceeding unless consent of the other party be obtained.

Section 9. No Admission of Liability. The execution of this Agreement shall not constitute or be interpreted in any way as an admission or acknowledgement of error or liability by the **PARTIES**.

Section 10. Non-Performance. The **PARTIES** agree that the failure of any **PARTY** to comply with any of the terms and conditions of this Agreement shall entitle the aggrieved **PARTY** to file an appropriate motion with the Honorable CTA for the immediate implementation and execution of the terms and conditions of this Agreement or the judgment or order of the Honorable CTA approving the same.

Section 11. Signatures and Counterparts. This Agreement may be signed in counterparts, each of which when executed and delivered shall constitute a duplicate original, but all of which shall be taken together as a single instrument. Until and unless each party has received a counterpart hereof signed by the other party hereto, the Agreement shall have no effect and no party shall have any right or obligation hereunder.



IN WITNESS WHEREOF, the PARTIES hereto have mutually and voluntarily agreed to the foregoing stipulations and have hereunto signed these presents at the date and place indicated above.

**APOLLO GLOBAL
CORPORATION**

By:

(Sgd.)

**ATTY. MARY ANNE E.
LAURIANO**
Director/Legal Counsel

**BUREAU OF INTERNAL
REVENUE**

By:

(Sgd.)

**CHARLITO MARTIN R.
MENDOZA**
Commissioner of Internal Revenue

Witnesses:

(Sgd.)

FELIX PAUL R. VELASCO III
Head Revenue Executive
Assistant
Enforcement and Advocacy
Service

RULING

The Joint Motion is impressed with merit.

In *Republic of the Philippines v. Heirs of Cruz, et al.*,¹ the Supreme Court decreed that "before approving a compromise, courts are thus bound to strictly scrutinize the same to ensure that the compromise and its execution are compliant with the law and consistent with procedural rules."⁶

In this regard, Section 204(A) of the National Internal Revenue Code (NIRC) of 1997, as amended, reads:

SEC. 204. Authority of the Commissioner to Compromise, Abate and Refund or Credit Taxes. -

The Commissioner may -

(A) Compromise the payment of any internal revenue tax, when:

¹ G.R. No. 208956, October 17, 2018.

- (1) A reasonable doubt as to the validity of the claim against the taxpayer exists; or
- (2) The financial position of the taxpayer demonstrates a clear inability to pay the assessed tax.

The compromise settlement of any tax liability shall be subject to the following minimum amounts:

For cases of financial incapacity, a minimum compromise rate equivalent to ten percent (10%) of the basic assessed tax; and

For other cases, a minimum compromise rate equivalent to forty percent (40%) of the basic assessed tax.

Where the basic tax involved exceeds One million pesos (P1,000,000) or where the settlement offered is less than the prescribed minimum rates, the compromise shall be subject to the approval of the Evaluation Board which shall be composed of the Commissioner and the four (4) Deputy Commissioners.

To secure approval of the JCA, the following requisites must be present: *first*, the parties themselves, or their representatives, must have authority to enter into the compromise agreement;² *second*, the compromise must be based on either doubtful validity of the government's claim against the taxpayer or the latter's financial incapacity; *third*, the subject matter being compromised must not be prohibited by law or its implementing rules and regulations;³ *fourth*, the prescribed compromise amount⁴ must have been paid; and *fifth*, approval⁵ of the National Evaluation Board (NEB) must be obtained when the basic assessed tax exceeds ₱1,000,000.00 or the settlement offered is below the prescribed minimum rate.

These requisites were met.

First. The persons who executed the JCA were duly authorized to do so. The Secretary's Certificate dated February 12, 2026 authorized Atty. Mary Anne E. Lauriano, petitioner's Director and Legal Counsel, to negotiate, sign, execute, and implement the JCA on

² Article 1317 of Republic Act No. 386, or the Civil Code, states that no one may contract in the name of another without being authorized by the latter.

³ Article 1409 of the Civil Code provides that contracts contrary to law are void.

⁴ At least 40% of the basic tax/es for doubtful validity; or at least 10% of the basic tax/es for financial incapacity

⁵ See Section 6, RR No. 30-2002.

behalf of petitioner.⁶ For his part, respondent Commissioner Charlito Martin R. Mendoza is authorized under Section 204(A) of the NIRC, as amended, to compromise the payment of internal revenue taxes.

Second. The compromise is based on doubtful validity of respondent's claim against petitioner.

Section 3(1)(f) of Revenue Regulations (RR) No. 30-2002, as amended by RR No. 8-2004, recognizes as a basis for compromise on the ground of doubtful validity an assessment issued on or after January 1, 1998 where the demand notice allegedly failed to comply with the formalities prescribed under Section 228 of the NIRC.

The records disclose such circumstance in this case.

On January 27, 2012, petitioner received the Formal Letter of Demand (FLD) dated January 23, 2012 assessing it for deficiency Income Tax, Value-Added Tax, and Improperly Accumulated Earnings Tax for taxable year 2008.⁷ The FLD directed petitioner to pay the alleged deficiency taxes "within the time shown in the enclosed assessment notice." Petitioner, however, maintains that no corresponding assessment notice was appended to or received with the FLD.⁸

Jurisprudence⁹ holds that where the taxpayer denies receipt of an assessment notice, respondent bears the burden of proving by competent evidence that the notice was actually received by the taxpayer or its authorized representative. Section 3.1.4 of RR No. 12-99 likewise requires the FLD and Assessment Notice to be sent to the taxpayer by registered mail or personal delivery.

Here, although respondent subsequently presented copies of the assessment notices during trial, the evidence does not sufficiently establish their actual service upon petitioner. During cross-

⁶ Annex "A-1," Secretary's Certificate dated February 12, 2026. The Board authority likewise ratified prior acts undertaken in connection with the JCA.

⁷ Exhibit "P-14," Formal Letter of Demand dated January 23, 2012. Petitioner's Memorandum states that the FLD was received on January 27, 2012.

⁸ Exhibit "P-15," Letter-Protest dated February 13, 2012, filed on February 15, 2012.

⁹ *Commissioner of Internal Revenue v. T Shuttle Services, Inc.*, G.R. No. 240729, August 24, 2020; *Commissioner of Internal Revenue v. GJM Philippines Manufacturing, Inc.*, G.R. No. 202695, February 29, 2016; *Barcelon, Roxas Securities, Inc. v. Commissioner of Internal Revenue*, G.R. No. 157064, August 7, 2006.

examination, respondent's witness, Assistant Revenue District Officer Roummel A. Bernos, admitted that he was not the person who served the assessment notices and could not state how they were served.¹⁰ Thus, reasonable doubt exists as to whether the assessment notices were validly served upon and received by petitioner.

A separate ground for doubt pertains to the FLD itself. In *Commissioner of Internal Revenue v. Fitness by Design, Inc.*,¹¹ the Supreme Court held that a valid final assessment must contain a definite demand for payment within a specific period, and that the absence of a definite due date negates a definite and actual demand for payment.

Here, the FLD states no definite due date for payment and merely directs petitioner to pay "within the time shown in the enclosed assessment notice." Independently of the unresolved service of the assessment notices, this raises additional reasonable doubt as to whether the FLD constituted a definite demand for payment.

Both circumstances concern compliance with the formalities prescribed under Section 228 of the NIRC and fall within Section 3(1)(f) of RR No. 30-2002, as amended by RR No. 8-2004. They sufficiently establish doubtful validity of respondent's claim for purposes of compromise under Section 204(A) of the NIRC, as amended.

Consistent therewith, the Certificate of Availment (Compromise Settlement) dated June 2, 2026 reflects petitioner's availment of compromise settlement under Section 3.1 of RR No. 30-2002 and its approval by the NEB.¹²

Third. The subject matter of the compromise pertains to the deficiency Income Tax assessment for taxable year 2008. Section 2 of RR No. 30-2002 expressly includes civil tax cases being disputed before the courts among those that may be the subject matter of compromise settlement.¹³ None of the exceptions enumerated therein is shown to apply to the present case.

¹⁰ TSN dated October 22, 2024, pp. 10-11 and 21-22; see also Memorandum for Petitioner, pars. 56-58.

¹¹ G.R. No. 215957, November 9, 2016.

¹² Annex "C," Certificate of Availment (Compromise Settlement) dated June 2, 2026.

¹³ Section 2, Revenue Regulations No. 30-2002, as amended, provides:

Fourth and Fifth. The basic deficiency Income Tax subject of the compromise and the corresponding compromise payment are as follows:

Tax Type	Basic Tax	Compromise Amount	Rate
Income Tax	₱2,061,141.25	₱824,456.50	10%

The amount of ₱824,456.50 is exactly forty percent (40%) of the basic assessed Income Tax of ₱2,061,141.25, thus satisfying the prescribed minimum compromise rate for cases involving doubtful validity.¹⁴ Petitioner paid the entire compromise amount on February 11, 2026, as evidenced by BIR Form No. 0605 and the corresponding eFPS Payment Confirmation.¹⁵

Considering that the basic assessed tax of ₱2,061,141.25 exceeds ₱1,000,000.00, approval of the NEB is indispensable. The evaluation

SEC. 2. Cases which may be Compromised. — The following cases may, upon taxpayer's compliance with the basis set forth under Section 3 of these Regulations, be the subject matter of compromise settlement, viz.:

1. Delinquent accounts;
2. Cases under administrative protest after issuance of the Final Assessment Notice to the taxpayer which are still pending in the Regional Offices, Revenue District Offices, Legal Service, Large Taxpayer Service (LTS), Collection Service, Enforcement Service and other offices in the National Office;
3. Civil tax cases being disputed before the courts;
4. Collection cases filed in courts;
5. Criminal violations, other than those already filed in court or those involving criminal tax fraud.

EXCEPTIONS:

1. Withholding tax cases, unless the applicant-taxpayer invokes provisions of law that cast doubt on the taxpayer's obligation to withhold;
2. Criminal tax fraud cases confirmed as such by the Commissioner of Internal Revenue or his duly authorized representative;
3. Criminal violations already filed in court;
4. Delinquent accounts with duly approved schedule of installment payments;
5. Cases where final reports of reinvestigation or reconsideration have been issued resulting to reduction in the original assessment and the taxpayer is agreeable to such decision by signing the required agreement form for the purpose. On the other hand, other protested cases shall be handled by the Regional Evaluation Board (REB) or the National Evaluation Board (NEB) on a case to case basis;
6. Cases which become final and executory after final judgment of a court, where compromise is requested on the ground of doubtful validity of the assessment; and
7. Estate tax cases where compromise is requested on the ground of financial incapacity of the taxpayer.

¹⁴ Section 1 of the JCA fixes the basic Income Tax at ₱2,061,141.25 and the Judicial Compromise Amount at ₱824,456.50, representing 40% thereof.

¹⁵ Annex "A-3," BIR Form No. 0605 and eFPS Payment Confirmation. The payment confirmation reflects payment of ₱824,456.50 on February 11, 2026.

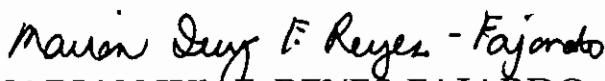
of the BIR's NEB shows that the compromise settlement was found acceptable by the NEB and approved by respondent.¹⁶ The Certificate of Availment (Compromise Settlement) dated June 2, 2026 likewise certifies that petitioner's application for compromise settlement covering the deficiency Income Tax assessment for taxable year 2008 was approved by the NEB.¹⁷

All the requisites for a valid judicial compromise having been satisfied, the Court gives its imprimatur to the parties' JCA dated July 8, 2026.

WHEREFORE, the parties' **Joint Motion to Render Judgment Based on Compromise Agreement**, filed on August 12, 2026, is **GRANTED**. The **Judicial Compromise Agreement** executed by and between petitioner Apollo Global Corporation and respondent Commissioner of Internal Revenue on July 8, 2026 is **APPROVED**. CTA Case No. 10684 is **DECLARED CLOSED and TERMINATED**.

With the closure and termination of CTA Case No. 10684, all pending incidents thereon are rendered **MOOT**.

SO ORDERED.


MARIAN IVY F. REYES-FAJARDO
Associate Justice

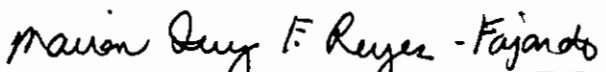
I CONCUR:


HENRY S. ANGELES
Associate Justice

¹⁶ Annex "B," Evaluation by the BIR National Evaluation Board.
¹⁷ Annex "C," Certificate of Availment (Compromise Settlement) dated June 2, 2026.

ATTESTATION

I attest that the conclusions in the above Judgement by Compromise Agreement were reached in consultation before the case was assigned to the writer of the opinion of the Court.


MARIAN IVY F. REYES-FAJARDO
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, and the Division Chairperson's attestation, it is hereby certified that the conclusions in the above Judgement by Compromise Agreement 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