

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

SECOND DIVISION

**PV TECH PTE. LTD. -
PHILIPPINE BRANCH
OFFICE,**

Petitioner,

-versus-

**COMMISSIONER OF
INTERNAL REVENUE,**
Respondent.

CTA CASE NO. 11802

Members:

**BACORRO-VILLENA, Chairperson,
CUI-DAVID, and
TESTON, JJ.**

Promulgated:

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RESOLUTION

Before the Court is a *Petition for Review* filed on March 13, 2025, seeking the cancellation of the deficiency income tax assessment for fiscal year (FY) ending June 30, 2016, in the aggregate amount of ₱290,690,503.27, inclusive of interest.

On July 15, 2026, the Court conducted a pre-trial conference, during which the parties were informed that, pursuant to Section 10, Rule 18 of the Revised Rules of Court,¹ the case is considered submitted for summary judgment or judgment on the pleadings, without the need for position papers or memoranda, should the Court find that no genuine issue as to any material fact remains for trial.

Records show that before the pre-trial conference, the parties submitted their respective Pre-Trial Briefs. During pre-trial, the parties admitted, stipulated, and agreed upon, among others, the following material facts relevant to the resolution of the present controversy:

¹ SEC. 10. *Judgment after pre-trial.* — Should there be no more controverted facts, or no more genuine issue as to any material fact, or an absence of any issue, or should the answer fail to tender an issue, the court shall, without prejudice to a party moving for judgment on the pleadings under Rule 34 or summary judgment under Rule 35, *motu proprio* include in the pre-trial order that the case be submitted for summary judgment or judgment on the pleadings, without need of position papers or memoranda. In such cases, judgment shall be rendered within ninety (90) calendar days from termination of the pre-trial.

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1. **Petitioner is currently a registered taxpayer** of respondent's Large Taxpayers Service under Taxpayer's Identification Number ("TIN") 400-426-329-00000.²
2. In connection with the examination of petitioner's tax liabilities, the Commissioner of Internal Revenue (CIR) issued the following: Letter of Authority (LOA) No. LOA-54b-2017-00000268 dated November 24, 2017; Notice of Informal Conference dated November 5, 2018; Preliminary Assessment Notice (PAN) dated August 30, 2019; Formal Letter of Demand;³ Final Decision on Disputed Assessment (FDDA) dated October 16, 2020; and the CIR's Decision dated December 23, 2024, denying the request for reconsideration.⁴
3. Petitioner paid ₱2,158,151.43, representing the deficiency income tax assessed on the alleged undeclared scrap sales.⁵

The sole issue identified and adopted by the parties is **whether petitioner is liable for deficiency income tax in the amount of ₱290,690,503.27, inclusive of interest, for fiscal year ending June 30, 2016.**

After a careful review of the pleadings, admissions, stipulations, and matters taken up during pre-trial, the Court finds that no genuine issue as to any material fact remains that would warrant the conduct of a full-blown trial. A "genuine issue" is an issue of fact which requires the presentation of evidence as distinguished from a sham, fictitious, contrived, or false claim.⁶ When the facts as pleaded appear uncontested or undisputed, then there is no real or genuine issue or question as to the facts, and summary judgment is called for.⁷

Here, the material dates necessary to determine the prescription of respondent's right to collect are admitted or otherwise undisputed. The controversy therefore presents a purely legal question: **whether, based on the admitted and undisputed facts, respondent's right to collect the assessed deficiency income tax has prescribed.**

² Docket, Pre-Trial Brief, V. Proposed Stipulation of Facts, par. c; Pre-Trial Order, I. Admitted Facts, par. 3.

³ The FLD is undated, but the corresponding Audit Results/Assessment Notice is dated October 16, 2019.

⁴ Docket, Pre-Trial Brief, II. Summary of Admitted Facts, par. 2.

⁵ Docket, Pre-Trial Brief, V. Proposed Stipulation of Facts, par. f; Pre-Trial Order, I. Admitted Facts, par. 5.

⁶ *Adolfo v. Adolfo*, G.R. No. 201427, March 18, 2015 [Per J. Del Castillo, Second Division].

⁷ *Id.*

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Accordingly, pursuant to Section 10, Rule 18, in relation to Rule 35 of the Revised Rules of Court, the Court finds it proper to resolve the case through summary judgment, without further reception of evidence or submission of position papers or memoranda.

***Respondent's right to collect
has prescribed.***

Section 203 of the NIRC of 1997, as amended, governs the ordinary prescriptive period for the assessment and collection of internal revenue taxes:

SEC. 203. *Period of Limitation Upon Assessment and Collection.* - Except as provided in Section 222, internal revenue taxes shall be assessed within three (3) years after the last day prescribed by law for the filing of the return, and no proceeding in court without assessment for the collection of such taxes shall be begun after the expiration of such period: Provided, That in a case where a return is filed beyond the period prescribed by law, the three (3)-year period shall be counted from the day the return was filed. For purposes of this Section, a return filed before the last day prescribed by law for the filing thereof shall be considered as filed on such last day.

As a general rule, the Bureau of Internal Revenue (BIR) has three (3) years to assess internal revenue taxes, absent any of the exceptional circumstances provided under Sections 222⁸ and 223⁹ of the NIRC of 1997, as amended. When an

⁸ SEC. 222. *Exceptions as to Period of Limitation of Assessment and Collection of Taxes.* -

(a) In the case of a false or fraudulent return with intent to evade tax or of failure to file a return, the tax may be assessed, or a proceeding in court for the collection of such tax may be filed without assessment, at any time within ten (10) years after the discovery of the falsity, fraud or omission: Provided, That in a fraud assessment which has become final and executory, the fact of fraud shall be judicially taken cognizance of in the civil or criminal action for the collection thereof.

(b) If before the expiration of the time prescribed in Section 203 for the assessment of the tax, both the Commissioner and the taxpayer have agreed in writing to its assessment after such time, the tax may be assessed within the period agreed upon. The period so agreed upon may be extended by subsequent written agreement made before the expiration of the period previously agreed upon.

(c) Any internal revenue tax which has been assessed within the period of limitation as prescribed in paragraph (a) hereof may be collected by distraint or levy or by a proceeding in court within five (5) years following the assessment of the tax.

(d) Any internal revenue tax, which has been assessed within the period agreed upon as provided in paragraph (b) hereinabove, may be collected by distraint or levy or by a proceeding in court within the period agreed upon in writing before the expiration of the five (5) -year period. The period so agreed upon may be extended by subsequent written agreements made before the expiration of the period previously agreed upon.

(e) Provided, however, That nothing in the immediately preceding and paragraph (a) hereof shall be construed to authorize the examination and investigation or inquiry into any tax return filed in accordance with the provisions of any tax amnesty law or decree.

⁹ SEC. 223. *Suspension of Running of Statute of Limitations.* - The running of the Statute of Limitations provided in Sections 203 and 222 on the making of assessment and the beginning of distraint or levy a proceeding in court for collection, in respect of any deficiency, shall be suspended for the period during which the Commissioner is prohibited from making the assessment or beginning distraint or levy or a proceeding in court and for sixty (60) days thereafter; when the taxpayer requests for a reinvestigation which is granted by the Commissioner; when the taxpayer cannot be located in the address given by him in the return filed upon which a tax is being assessed or

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assessment is issued within the ordinary three-year prescriptive period, the CIR likewise has three years from the date of assessment within which to collect the tax through **distrain, levy, or court proceeding**.¹⁰

In *Commissioner of Internal Revenue v. Court of Tax Appeals Second Division*,¹¹ the Supreme Court clarified that the five (5)-year collection period under Section 222 (c)¹² applies only to assessments issued under the extraordinary ten-year period contemplated in Section 222(a), such as those involving a false or fraudulent return with intent to evade tax or failure to file a return. For assessments made within the ordinary three (3)-year period, the proper period for the BIR to initiate collection is three (3) years from the time the assessment notice is released, mailed, or sent to the taxpayer.¹³

In this case, while the FLD itself is undated, the corresponding Audit Results/Assessment Notice or FAN was issued on **October 16, 2019**.¹⁴ The records do not show a later date of release, mailing, or service of the FAN. Thus, in the absence of evidence showing a later release, mailing, or service, the Court adopts October 16, 2019, the date appearing on the FAN, as the reckoning point most favorable to respondent. Accordingly, the three (3)-year prescriptive period for collection commenced on October 16, 2019 and, absent any valid ground for suspension, expired on **October 16, 2022**. Beginning October 17, 2022, respondent's right to collect would already have been barred by prescription.

The records likewise show a Waiver of the Defense of Prescription executed on April 25, 2019, extending the statute of limitations up to December 31, 2019. The waiver, however, applies only to the assessment period and does not extend, suspend, or modify the separate statutory period within which

collected: Provided, that, if the taxpayer informs the Commissioner of any change in address, the running of the Statute of Limitations will not be suspended; when the warrant of distraint or levy is duly served upon the taxpayer, his authorized representative, or a member of his household with sufficient discretion, and no property could be located; and when the taxpayer is out of the Philippines.

¹⁰ *Commissioner of Internal Revenue v. Standard Insurance Co., Inc.*, G.R. No. 259729, November 17, 2025 [Per J. Singh, Third Division], citing *Commissioner of Internal Revenue v. United Salvage and Towage Phils., Inc.*, G.R. No. 197515, July 2, 2014 [Per J. Peralta, Third Division].

¹¹ G.R. No. 258947, March 29, 2022 [Per J. Caguioa, First Division].

¹² SEC. 222. *Exceptions as to Period of Limitation of Assessment and Collection of Taxes.*-

....
(c) Any internal revenue tax which has been assessed within the period of limitation as prescribed in paragraph (a) hereof may be collected by distraint or levy or by a proceeding in court within five (5) years following the assessment of the tax.

¹³ *Commissioner of Internal Revenue v. Standard Insurance Co., Inc.*, G.R. No. 259729, November 17, 2025 [Per J. Singh, Third Division], citing *Commissioner of Internal Revenue v. Court of Tax Appeals Second Division, et al.*, G.R. No. 258947, March 29, 2022 [Per J. Caguioa, First Division].

¹⁴ Docket, Petition for Review, III. Statement of Antecedent Facts, par. 22.

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respondent must collect an assessment already issued. With no waiver extending the collection period, respondent remained bound by the ordinary three (3)-year collection period, subject only to suspensions expressly authorized by law.

The inquiry therefore turns to Section 223 of the NIRC of 1997, as amended, which provides circumstances that suspend the running of the prescriptive period for assessment or collection. Pertinently:

SEC. 223. Suspension of Running of Statute of Limitations. The running of the Statute of Limitations provided in Sections 203 and 222 on the making of assessment and the beginning of distraint or levy a proceeding in court for collection, in respect of any deficiency, shall be suspended for the period during which **the Commissioner is prohibited from making the assessment** or beginning distraint or levy or a proceeding in court and for sixty (60) days thereafter; **when the taxpayer requests for a reinvestigation which is granted by the Commissioner;** when the taxpayer cannot be located in the address given by him in the return filed upon which a tax is being assessed or collected: *Provided, that...* (Emphasis supplied)

In *Bank of the Philippine Islands v. Commissioner of Internal Revenue*,¹⁵ the Supreme Court emphasized that the mere filing of a request for reinvestigation does not, by itself, suspend the running of the statute of limitations. The request must first be granted by the CIR, and the burden of proving such grant rests upon the CIR.

Here, petitioner filed a Protest Letter and Request for Reinvestigation on the FLD/FAN on November 12, 2019.¹⁶ However, there is no showing that the request was granted, which would toll the prescriptive period to collect. The FDDA was thereafter issued on October 16, 2020.

Even assuming that petitioner's request for reinvestigation was granted, respondent's right to collect had nevertheless prescribed.

For purposes of resolving the present case, the Court shall assume, solely for the sake of argument and in respondent's favor, that the request for reinvestigation was granted upon its

¹⁵ G.R. No. 174942, March 7, 2008 [Per J. Tinga, Second Division], citing *Bank of the Philippine Islands v. Commissioner of Internal Revenue*, G.R. No. 139736, October 17, 2005 [Per J. Chico-Nazario, Second Division].

¹⁶ Docket, Petition for Review, III. Statement of Antecedent Facts, par. 23.

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filing on November 12, 2019. Even under this assumption, respondent's right to collect has prescribed.

Under Section 223, the grant of a request for reinvestigation does not give respondent a fresh three (3)-year period within which to collect. Under Section 223 of the NIRC of 1997, as amended, the grant of a request for reinvestigation does not give respondent a fresh three (3)-year period within which to collect. Rather, it suspends the running of the collection period already commenced, which resumes upon the termination of the reinvestigation proceedings.

Accordingly, under the foregoing assumption, the running of the collection period was suspended beginning **November 12, 2019**, when the request for reinvestigation was deemed granted, until **October 16, 2020**, when the FDDA was issued, and the reinvestigation proceedings were thereby terminated.

The prescriptive period was therefore suspended for **339 days** by reason of the supposed granting of the request for reinvestigation.

This is consistent with Section 223 of the NIRC of 1997, as amended: granting a request for reinvestigation does not give the CIR a fresh three (3)-year period from the issuance of the FDDA. Rather, it **suspends the running of the period already commenced**, which resumes upon termination of the reinvestigation proceedings.

The collection period must further be adjusted to account for the statutory suspensions occasioned by the COVID-19 pandemic.

Pursuant to Section 4(z) of Republic Act No. 11469, otherwise known as the *Bayanihan to Heal as One Act*, and the pertinent Revenue Regulations, Revenue Memorandum Circulars, and related issuances implementing the same, the running of the statute of limitations for assessment and collection was suspended during the periods of Enhanced Community Quarantine (ECQ) and Modified Enhanced Community Quarantine (MECQ), together with the prescribed 60-day periods following the lifting thereof.

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Thus, considering the several issuances of the BIR, the COVID-related suspension periods aggregate to **420 days**.¹⁷

The entire **420-day COVID-related suspension**, however, cannot simply be added to the **339-day suspension** attributable to the request for reinvestigation.

The suspension of the period to collect due to reinvestigation was already in effect from **November 12, 2019 until October 16, 2020**. During that period, the statute of limitations was not running. Consequently, insofar as any COVID-related suspension fell within the same period, those calendar days had already been excluded from the running of prescription by reason of the pending reinvestigation.

Counting those same days again under the COVID-related suspension would extend the collection period twice for the same period during which the statute was already suspended. Such double counting finds no basis in Section 223 of the NIRC of 1997, as amended.

Accordingly, the collection period is extended only by COVID-related suspension days that fall outside the period from November 12, 2019 to October 16, 2020. Out of the total 420 days of COVID-related suspensions, only **209 days** can be counted separately; the remaining balance was already absorbed by the suspension resulting from the assumed granted request for reinvestigation.

¹⁷ The suspension periods are summarized below:

Quarantine Window	Days in Quarantine	Post-Lifting Tolling	Total Suspension Days	Legal Basis (IATF/BIR)
Mar. 16, 2020 – May 31, 2020 (ECQ/MECQ)	77	60	137	Bayanihan to Heal as One Act; IATF Resolution Nos. 12 (Mar. 13, 2020), 29 (May 15, 2020); BIR RMC Nos. 34-2020 & 136-2020
Aug. 4, 2020 – Aug. 18, 2020 (MECQ)	15	60	75	IATF Resolution No. 60-A (Aug. 2, 2020); BIR RMC Nos. 79-2020 & 136-2020
Mar. 29, 2021 – May 14, 2021 (ECQ/MECQ)	47	60	107	IATF Resolution Nos. 104 (Mar. 27, 2021), 106-B (Apr. 3, 2021), 113-A (May 6, 2021); BIR RMC No. 52-2021
Aug. 6, 2021 – Sep. 15, 2021 (ECQ/MECQ)	41	60	101	IATF Resolution Nos. 130-A (Jul. 30, 2021), 134 (Aug. 19, 2021), 135-A (Aug. 26, 2021), 137 (Sep. 7, 2021); BIR RMC No. 93-2021
Total suspension days:	180	240	420	BIR Operations Memorandum No. 66-2022

The first COVID-related suspension of **137 days** fell entirely within the November 12, 2019 to October 16, 2020 reinvestigation period. Likewise, the second COVID-related suspension of **75 days**, which runs from August 4, 2020 to August 18, 2020, also fell entirely with the reinvestigation period.

The third and fourth COVID-related suspensions, consisting of **107 days** and **101 days**, respectively, occurred after the issuance of the FDDA and therefore independently suspended the running of the collection period.

The 209 additional suspension days are computed as follows: 107 days¹⁸+ 101 days¹⁹ = **208 days**.

Accordingly, the total period of suspension of respondent’s right to collect is **547 days**:

Days	Breakdown
339 days	Suspension attributable to the request for reinvestigation ²⁰
208 days	Additional, non-overlapping COVID-related suspension ²¹
<u>547 days</u>	Total suspension days

Thus, although the ordinary three (3)-year collection period would have expired on **October 16, 2022**, and respondent’s right to collect would ordinarily have become barred beginning **October 17, 2022**, the 547 days during which the statute of limitations was validly suspended must be excluded from the computation.

Giving respondent the full benefit of these statutory suspensions, the deadline within which to commence a valid collection proceeding was extended until **April 15, 2024** (October 16, 2022 + 547 days).

In *Commissioner of Internal Revenue v. Court of Tax Appeals Second Division*,²² the Supreme Court enumerated the valid modes by which the CIR may commence collection of assessed taxes:

¹⁸ March 29, 2021 to May 14, 2021 (ECQ/MECQ) plus 60 days.
¹⁹ August 6, 2021 to September 15, 2021 (ECQ/MECQ) plus 60 days.
²⁰ November 12, 2019 to October 16, 2020.
²¹ *Supra* notes **Error! Bookmark not defined.**, 18 & 19.
²² G.R. No. 258947, March 29, 2022 [Per J. Caguioa, First Division].

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[T]he CIR's collection efforts are initiated by distraint, levy, or court proceeding. The distraint and levy proceedings are validly begun or commenced by the **issuance of a warrant of distraint and levy and service thereof on the taxpayer**. And a **judicial action for the collection of a tax** is initiated: (a) by the **filing of a complaint with the court of competent jurisdiction**; or (b) where the assessment is appealed to the CTA, by **filing an answer to the taxpayer's petition for review wherein payment of the tax is prayed for**. (Emphasis supplied, citations omitted)

The records are bereft of any showing that respondent commenced any of these recognized modes of collection on or before **April 15, 2024**.

Neither the issuance of the FDDA on October 16, 2020 nor the CIR's subsequent Decision constitutes, by itself, distraint, levy, or a judicial proceeding for collection. Indeed, the CIR's Decision denying petitioner's request for reconsideration was issued only on **December 23, 2024**, more than eight (8) months after the expiration of the extended collection period.

Indeed, the earliest collection effort reflected in the records is respondent's filing of his *Answer* on **June 9, 2025**, wherein payment of the assessed deficiency income tax was sought. By that time, respondent's right to collect had already prescribed.

Notably, in its Resolution dated **October 29, 2025**, granting petitioner's Motion for Suspension of Collection of Taxes, the Court **preliminarily found**, solely for purposes of resolving the interlocutory incident then before it, that respondent's right to collect the subject deficiency income tax appeared to have prescribed.

That finding, however, was necessarily provisional in nature. At that stage, the Court was not yet called upon to finally adjudicate the issue of prescription. Following pre-trial, the parties' admissions and stipulations, the identification of the material dates and relevant filings, and the Court's examination of the entire record have sufficiently established the factual and legal premises necessary for a definitive determination of the controversy.

Upon consideration of the admitted and undisputed facts, and giving respondent the full benefit of all statutory suspensions recognized under Section 223 of the NIRC of 1997, as amended, the Court finds that respondent failed to

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commence any valid collection proceeding within the period allowed by law. Even assuming, in respondent's favor, that petitioner's request for reinvestigation was granted upon its filing on **November 12, 2019**, and after excluding from the running of prescription all applicable, non-overlapping COVID-related suspension periods, respondent had only until **April 15, 2024**, within which to initiate collection.

No valid collection effort having been commenced within that period, **respondent's right to collect the subject deficiency income tax assessment has prescribed.**

It is settled jurisprudence that statutes of limitation are designed to protect taxpayers from unreasonable investigations and prolonged uncertainty concerning their tax liabilities.²³ While taxes are the lifeblood of the Government, tax authorities are not afforded an indefinite or unlimited period within which to enforce their collection.

Accordingly, regardless of the substantive validity of the underlying assessment, respondent's right to enforce collection thereof has already prescribed. The assessment, having become legally unenforceable by reason of prescription, can no longer be collected judicially or administratively against petitioner.

There being no genuine issue as to any material fact requiring trial, **summary judgment in favor of petitioner is warranted.**

WHEREFORE, premises considered, and pursuant to Section 10, Rule 18, in relation to Rule 35 of the Revised Rules of Court, there being no genuine issue as to any material fact, **SUMMARY JUDGMENT** is hereby rendered in favor of petitioner, as follows:

- (1) The *Petition for Review* is **GRANTED**;
- (2) Respondent's right to collect the deficiency income tax assessment for fiscal year ending June 30, 2016, in the aggregate amount of **₱290,690,503.27**, inclusive of interest, having prescribed, the same is **CANCELLED** and **SET ASIDE**;

²³ *Commissioner of Internal Revenue v. Villanueva, Jr.*, G.R. No. 249540, February 28, 2024 [Per J. Caguioa, Third Division, citing *Republic v. GMCC United Development Corp.*, G.R. No. 191856, December 7, 2016 [Per J. Leonen, Second Division] & *Commissioner of Internal Revenue v. BASF Coating + Inks Phils., Inc.*, G.R. No. 198677, November 26, 2014 [Peralta, Third Division]; *Republic v. Ablaza*, G.R. No. L-14519, July 26, 1960 [Per J. Labrador, *En Banc*].

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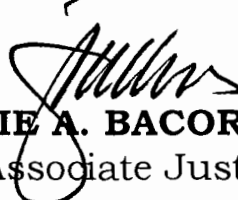
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- (3) Respondent is **ORDERED TO REFUND** to petitioner the amount of **₱2,158,151.43**, representing the deficiency income tax paid on the alleged undeclared scrap sales; and
- (4) Respondent, his representatives, agents, and all persons acting under his authority or on his behalf are **PERMANENTLY ENJOINED** and **PROHIBITED** from enforcing or otherwise pursuing the collection of the subject deficiency income tax assessment.

In view of the foregoing, the scheduled hearings as embodied in the Pre-Trial Order are hereby **CANCELLED**.

SO ORDERED.



JEAN MARIE A. BACORRO-VILLENA

Associate Justice



LANEE S. CUI-DAVID

Associate Justice



PAOLO S. TESTON

Associate Justice