

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

COMMISSIONER OF
INTERNAL REVENUE,
Petitioner,

CTA EB NO. 2519
(CTA Case No. 9732)

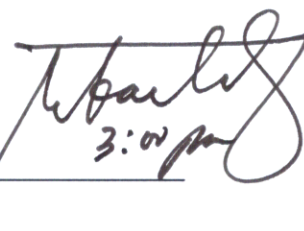
Present:

- versus -

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

MISAMIS ORIENTAL II
RURAL ELECTRIC SERVICE
COOPERATIVE, INC.
(MORESCO-II),
Respondent.

Promulgated:
AUG 02 2023



Handwritten signature and date stamp: 3:00 pm

X ----- X

DECISION

BACORRO-VILLENA, J.:

At bar is a Petition for Review¹ filed by petitioner Commissioner of Internal Revenue (**petitioner/CIR**) pursuant to Section 11² of 

¹ Filed on 25 October 2021, *Rollo*, pp. 1-29.

² **Sec. 11.** Section 18 of the same Act is hereby amended as follows:

“SEC. 18. Appeal to the Court of Tax Appeals *En Banc*. - No civil proceeding involving matter arising under the National Internal Revenue Code, the Tariff and Customs Code or the Local Government Code shall be maintained, except as herein provided, until and unless an appeal has been previously filed with the CTA and disposed of in accordance with the provisions of this Act.

Republic Act (RA) No. 9282.³ It seeks to reverse and set aside the Decision dated 11 November 2020⁴ (**assailed Decision**) and the Resolution dated 14 July 2021⁵ (**assailed Resolution**) of this Court's First Division⁶ in CTA Case No. 9732, entitled "*Misamis Oriental II Rural Electric Service Cooperative, Inc. (MORESCO-II) v. Commissioner of Internal Revenue*". Both assailed Decision and Resolution granted respondent Misamis Oriental II Rural Electric Service Cooperative, Inc.'s (**respondent's/MORESCO-II's**) prior Petition for Review which sought the cancellation of the Final Decision on Disputed Assessment⁷ (FDDA) and the Final Assessment Notice⁸ (FAN) that the Bureau of Internal Revenue (BIR) issued against it.

PARTIES OF THE CASE

Petitioner CIR is charged with the duty of assessing and collecting internal revenue taxes. He holds office at the BIR, National Office Building, BIR Road, Diliman, Quezon City and may be served with summons and other legal processes through the undersigned counsels, with office address at Legal Litigation, Room 703, BIR Building, Diliman, Quezon City.

Respondent, on the other hand, is an electric cooperative existing under the laws of the Republic of the Philippines, with principal office address at Medina, Misamis Oriental.

FACTS OF THE CASE

On 10 March 2015, respondent received Letter of Authority (LOA) No. LOA-097-2015-00000007⁹ dated 09 March 2015, authorizing

A party adversely affected by a resolution of a Division of the CTA on a motion for reconsideration or new trial, may file a petition for review with the CTA *en banc*."

³ AN ACT EXPANDING THE JURISDICTION OF THE COURT OF TAX APPEALS (CTA), ELEVATING ITS RANK TO THE LEVEL OF A COLLEGIATE COURT WITH SPECIAL JURISDICTION AND ENLARGING ITS MEMBERSHIP, AMENDING FOR THE PURPOSE CERTAIN SECTIONS OR REPUBLIC ACT NO. 1125, AS AMENDED, OTHERWISE KNOWN AS THE LAW CREATING THE COURT OF TAX APPEALS, AND FOR OTHER PURPOSES.

⁴ *Rollo*, pp. 35-52.

⁵ *Id.*, pp. 53-56.

⁶ Penned by Associate Justice Catherine T. Manahan and concurred by Presiding Justice Roman G. Del Rosario.

⁷ Exhibit "P-14", Division Docket, pp. 66-69.

⁸ Exhibits "R-8" to "R-8-c", *id.*, pp. 279-282.

⁹ Exhibit "R-1", *id.*, p. 212.


Revenue Officer (RO) Jesreel King De Torres (**De Torres**) and Group Supervisor (GS) Macadatar Malang (**Malang**) to examine respondent's books of accounts for all internal revenue taxes for the period 01 January 2013 to 31 December 2013.

Subsequently, petitioner, through Revenue District Officer (RDO) Rolando C. Ompoc (**Ompoc**) issued Memorandum of Assignment (MOA) No. MOA0972015LOA7735 dated 16 November 2015¹⁰, assigning RO Dante C. Velayo (**Velayo**) and GS Camaroding S. Laut (**Laut**) to continue with respondent's audit investigation.

As a result of RO Velayo's evaluation, a Preliminary Assessment Notice (PAN) dated 28 November 2016¹¹ was issued against respondent. Still later, the FAN and Formal Letter of Demand¹² (FLD) both dated 06 January 2017 were also issued and respondent received the same on 10 January 2017.

Unable to agree with the BIR's issuances, respondent filed its Protest¹³ against the FAN and FLD on 06 February 2017.

On 22 March 2017, respondent received a letter dated 06 March 2017¹⁴, signed by Regional Director (RD) Hermeno A. Palamine (**Palamine**), directing it to sign several copies of a Waiver of the Statute of Limitations (**Waivers**) and submit notarized copies thereof within ten (10) days from receipt. Respondent complied with the demand and submitted the same to the BIR.

On 16 November 2017, respondent received the FDDA¹⁵ finding it liable for deficiency Minimum Corporate Income Tax (MCIT), value-added tax (VAT), expanded withholding tax (EWT) amounting to ₱24,708,643.11 and compromise penalties amounting to ₱87,000.00 for calendar year (CY) 2013. 

¹⁰ Exhibit "R-3", id., p. 213.

¹¹ Exhibit "R-6", id., pp. 257-263.

¹² Exhibits "R-7" to "R-7-c", id., pp. 271-278.

¹³ Exhibit "R-11", id., pp. 284-290.

¹⁴ Exhibit "P-8", Division Docket, p. 60.

¹⁵ Supra at note 7.

Aggrieved by the BIR's action, respondent (as then petitioner) filed its Petition for Review¹⁶ before this Court on 13 December 2017. The case was originally raffled to the Court's Second Division and was docketed as CTA case No. 9732.¹⁷

Thereafter, on 04 January 2018, the Second Division issued Summons¹⁸ to petitioner (as then respondent) who filed his or her Answer¹⁹ on 23 February 2018. Pre-trial followed and the parties submitted their Joint Stipulation of Facts and Issues²⁰ (JSFI) on 04 April 2018, which the Second Division approved in its Pre-Trial Order dated 12 April 2018.²¹

When trial ensued thereafter, respondent presented its witnesses, namely: (1) Ma. Leila Piastro (**Piastro**), its Finance Services Department Manager; and, (2) Gervacio I. Piator (**Piator**), the Court-commissioned Independent Certified Public Accountant (ICPA).

Piastro assumed the witness stand where she identified her Judicial Affidavit²² that constituted her direct testimony. She testified, among others, that: (1) she is currently working as respondent's Finance Services Department Manager; and, (2) in her opinion, the BIR's assessment is void since the RO that conducted the investigation of respondent was not the same RO named in the LOA.

As for Piator, he testified on the contents of his ICPA report wherein he found respondent to be entitled to input VAT in the amount of ₱12,110,468.33. In the same report, he however recommended a disallowance of ₱1,223,463.64 for respondent's failure to substantiate the same.²³

¹⁶ Division Docket, pp. 10-25.

¹⁷ The Second Division was then composed of Associate Justice Juanito C. Castañeda, Jr. (Ret.), Associate Justice Caesar A. Casanova (Ret.) and Associate Justice Catherine T. Manahan.

¹⁸ Id., Division Docket, p. 70.

¹⁹ Id., pp. 79-94.

²⁰ Id., pp. 121-125.

²¹ Id., pp. 127-135.

²² Exhibit "P-17", id., pp. 156-160.

²³ Judicial Affidavit of Gervacio I. Piator, id., pp. 169-173.

Subsequently, on 28 August 2018, respondent filed its Formal Offer of Evidence²⁴ (FOE). Petitioner filed his or her Comment/Opposition²⁵ thereto on 07 September 2018. In a Resolution dated 18 January 2019²⁶, the Court admitted all of respondent's exhibits except for Exhibits "P-1", "P-4", "P-9", and "P-17-A".²⁷

On 24 September 2018, the case was transferred to the Court's First Division.²⁸

After respondent rested its case, petitioner presented the testimonies of RO Pelayo and RO Emman Carl P. Rubin (**Rubin**).

On the witness stand and through his Judicial Affidavit²⁹, RO Velayo testified essentially that he was assigned to respondent's case by virtue of the MOA issued by RDO Ompoc and that it was he who initially made a finding as regards respondent's tax liabilities.

Later, RO Rubin, through his own Judicial Affidavit³⁰, corroborated RO Velayo's testimony. He further testified that it was he who recommended the PAN's issuance which thereafter led to the issuance of the FAN and FLD. After petitioner filed his or her FOE³¹ on 10 June 2019, without respondent's opposition³², the First Division

²⁴ Id., pp. 226-231.

²⁵ Id., pp. 233-235.

²⁶ Id., pp. 255-258.

²⁷

Exhibit	Description
"P-1"	Board of Resolution authorizing its Board of Directors President, Mark R. Valdevilla and General Manager Ronel B. Canada, to jointly represent petitioner in initiating the filing of the Petition.
"P-4"	Transmittal Letter dated March 31, 2015, as proof of compliance to submit documents required for audit.
"P-9"	Letter dated April 3, 2017, from the Petitioner, informing the Respondent BIR that it will submit a duly notarized Waiver of the Statute of Limitations.
"P-17-A"	Reproduction (Soft Copy) of MORESCO-II's official receipts and invoices (Contained in CD in PDF format).

²⁸ See Order dated 24 September 2018, Division Docket, p. 237. The case was transferred to the First Division pursuant to Court of Tax Appeals Administrative Circular No. 02-2018, dated 18 September 2018, "Reorganizing the Three (3) Divisions of the Court".

²⁹ Exhibit "R-12", id., pp. 263-268.

³⁰ Exhibit "R-13", id., pp. 291-294.

³¹ Id., pp. 314-318.

³² Per Records Verifications dated 18 July 2019, id., p. 320.

admitted them³³ and the parties were thereafter required to submit their respective memoranda. On 08 November 2019, petitioner submitted his or her memorandum³⁴ while respondent filed its memorandum³⁵ on 18 November 2019. On 04 December 2019, the First Division submitted the case for decision.³⁶

Later, or on 11 November 2020, the First Division issued its assailed Decision³⁷ cancelling and setting aside petitioner's assessment against respondent. The dispositive portion reads:

...
WHEREFORE, in light of the foregoing considerations, the instant Petition for Review is **GRANTED**. Accordingly, the FDDA dated November 15, 2017 is **WITHDRAWN** and **SET ASIDE**. Moreover, the FLD and FAN dated January 6, 2017 issued against [respondent] for CY 2013 in the aggregate amount of ₱22,907,377.10, is **CANCELLED** and **SET ASIDE**.

SO ORDERED.

...

In resolving respondent's Petition for Review, the First Division found that RO Velayo (who continued the examination of respondent's books of accounts and other accounting records for the CY 2013) was not authorized under LOA-097-2015-00000007 (but RO De Torres). Finding the absence of authority on the part of the RO that conducted respondent's audit, the assessment was invalidated as it violated the latter's right to due process.

Expectedly, petitioner filed his or her Motion for Reconsideration³⁸ (MR), but the First Division denied the same.³⁹ 

³³ See Resolution dated 30 August 2019, id., pp. 328-329.

³⁴ Id., pp. 339-360.

³⁵ Id., pp. 362-373.

³⁶ See Resolution dated 04 December 2019, id., p. 375.

³⁷ Supra at note 4.

³⁸ Filed on 07 December 2020, Division Docket, pp. 396-406.

³⁹ Supra at note 5.

ISSUES

Aggrieved by the First Division's actions, petitioner filed his or her Petition for Review⁴⁰ before the Court *En Banc* on 25 October 2021. Before Us, petitioner raises the following issues for resolution, to wit:

I.

WHETHER THE COURT IN DIVISION ERRED IN RULING THAT RESPONDENT MISAMIS ORIENTAL II RURAL ELECTRIC SERVICE COOPERATIVE, INC. (MORESCO-II) MAY RAISE NEW ISSUES IN ITS APPEAL BEFORE THE HONORABLE COURT; AND,

II.

ASSUMING THAT NEW ISSUES MAY BE RAISED ON APPEAL, THE ASSESSMENT AGAINST RESPONDENT MISAMIS ORIENTAL II RURAL ELECTRIC SERVICE COOPERATIVE, INC. (MORESCO-II) IS VALID AS IT WAS ISSUED PURSUANT TO A VALID LETTER OF AUTHORITY (LOA).

ARGUMENTS

In support of the above issues, petitioner forwards the argument that the National Internal Revenue Code (NIRC) of 1997, as amended, does not specifically provide that a new LOA should be issued to an RO who replaces a previous RO named in the LOA. According to petitioner, all that is needed is that the assignment be made "pursuant to" a valid LOA. At any rate, petitioner also challenges this Court's authority to entertain issues not raised at the administrative level (such as the validity of RO Velayo's assignment to do an audit through an MOA).

Respondent, on the other hand, agrees with the First Division in its holding that a reassignment or transfer of a taxpayer's audit to another RO requires the issuance of a new LOA. Moreover, the issuance of a FAN against it was clearly premature and violated its right to due process.

⁴⁰ Supra at note 1.

RULING OF THE COURT *EN BANC*

After a careful review of the records of the case and the parties' contrasting arguments, the Court *En Banc* is constrained to deny the present petition. Given the nature of the issues raised by petitioner, it would be best to tackle them in one fell swoop as they are intrinsically intertwined.

To start, the present issues involved are not novel and have long been settled keeping in mind the basic principle that, "... a void assessment bears no fruit".⁴¹ This is so as tenets of due process still stand paramount over the State's power tax its citizens. To protect a taxpayer's due process rights in a tax assessment, the BIR must first ensure that the agents tasked with investigating the taxpayer are properly authorized to do the same.

Contrary to petitioner's claim that the MOA herein has sufficiently clothed the RO with authority to examine and investigate a taxpayer's tax liability or that it has equal force and effect as that of an LOA, the Court *En Banc* finds otherwise.

The Court *En Banc* has always been consistent in ruling that the RO tasked to examine the books of accounts of taxpayers must be authorized by an LOA. Otherwise, the assessment for deficiency taxes resulting therefrom is void. Section 6(A) of the NIRC of 1997, as amended, reads:

...

SEC. 6. Power of the Commissioner to Make Assessments and Prescribe Additional Requirements for Tax Administration and Enforcement. —

(A) *Examination of Returns 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

⁴¹ *Commissioner of Internal Revenue v. Unioil Corporation*, G.R. No. 204405, 04 August 2021.

Commissioner from authorizing the examination of any taxpayer.⁴²

...

Section 10(c) of the NIRC of 1997, as amended, provides:

...

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[.]⁴³


...

In relation to the above, Section 13 of the NIRC of 1997, as amended, likewise requires that the RO assigned to examine the taxpayer's books of accounts must be armed with an LOA, viz:

...

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.⁴⁴

...

Under the said provision, an RO must be clothed with authority, through an LOA, to conduct the audit or investigation of the taxpayer. Absent such grant of authority through an LOA, the RO cannot conduct the audit of taxpayer's books of accounts and other accounting records because such right is statutorily conferred only upon petitioner. 

⁴² Emphasis supplied.

⁴³ Emphasis supplied.

⁴⁴ Emphasis supplied.

Section D(4) of Revenue Memorandum Order (RMO) No. 43-90⁴⁵ dated 20 September 1990, provides:

...

4. For the proper monitoring and coordination of the issuance of Letter of Authority, the only BIR officials authorized to issue and sign Letters of Authority are the **Regional Directors**, the **Deputy Commissioners** and the **Commissioner**. For the exigencies of the service, other officials may be authorized to issue and sign Letters of Authority but only upon prior authorization by the Commissioner himself.⁴⁶

...

As can be gleaned from the foregoing, RO Velayo's authority merely sprung from an MOA issued by RDO Ompoc. It is worthy to note that the MOA dated 16 November 2015⁴⁷ and the corresponding change in RO and GS happened prior to the issuance of the PAN and FAN on 28 November 2016 and 06 January 2017, respectively.

In addition to the aforequoted Sections 6(A), 10(c) and 13 of the NIRC of 1997, as amended, which provide that only the CIR and his duly authorized representatives (*i.e.*, Deputy Commissioners, the Revenue Regional Directors, and such other officials as may be authorized by the CIR) may issue the LOA, **petitioner's own rules, specifically, RMO No. 43-90⁴⁸ mandates the issuance of a new LOA in cases of reassignment or transfer of examination to another RO.** It reads —

...

Any reassignment/transfer of cases to another RO(s), and revalidation of [LOAs] which have already expired, shall require the issuance of a new [LOA], with the corresponding notation thereto, including the previous [LOA] number and date of issue of said [LOAs].⁴⁹

...

⁴⁵ Amendment of Revenue Memorandum Order No. 37-90 Prescribing Revised Policy Guidelines for Examination of Returns and Issuance of Letters of Authority to Audit dated 20 September 1990.

⁴⁶ Emphasis supplied.

⁴⁷ Supra at note 10.

⁴⁸ Supra at note 45.

⁴⁹ Emphasis and underscoring supplied.

Moreover, in the recent case of *Commissioner of Internal Revenue v. McDonald's Philippines Realty Corp.*⁵⁰ (McDonald's), the Supreme Court highlighted the difference between an MOA and an LOA in this wise:

...

It is true that the service of a copy of a memorandum of assignment, referral memorandum, or such other equivalent internal BIR document may notify the taxpayer of the fact of reassignment and transfer of cases of revenue officers. However, notice of the fact of reassignment and transfer of cases is one thing; proof of the existence of authority to conduct an examination and assessment is another thing. The memorandum of assignment, referral memorandum, or any equivalent document is not a proof of the existence of authority of the substitute or replacement revenue officer. The memorandum of assignment, referral memorandum, or any equivalent document is not issued by the CIR or his duly authorized representative for the purpose of vesting upon the revenue officer authority to examine a taxpayer's books of accounts. It is issued by the revenue district officer or other subordinate official for the purpose of reassignment and transfer of cases of revenue officers.

The petitioner wants the Court to believe that once an LOA has been issued in the names of certain revenue officers, a subordinate official of the BIR can then, through a mere memorandum of assignment, referral memorandum, or such equivalent document, rotate the work assignments of revenue officers who may then act under the general authority of a validly issued LOA. But an LOA is not a general authority to any revenue officer. It is a special authority granted to a particular revenue officer.

The practice of reassigning or transferring revenue officers, who are the original authorized officers named in the LOA, and subsequently substituting them with new revenue officers who do not have a separate LOA issued in their name, is in effect a usurpation of the statutory power of the CIR or his duly authorized representative. The memorandum of assignment, referral memorandum, or such other equivalent internal document of the BIR directing the reassignment or transfer of revenue officers, is typically signed by the revenue district officer or other subordinate official, and not signed or issued by the CIR or his duly authorized representative under Sections 6, 10 (c) and 13 of the NIRC. Hence, the

⁵⁰ G.R. No. 242670, 10 May 2021; Emphasis supplied.

issuance of such memorandum of assignment, and its subsequent use as a proof of authority to continue the audit or investigation, is in effect supplanting the functions of the LOA, since it seeks to exercise a power that belongs exclusively to the CIR himself or his duly authorized representatives.

...

Applying the above principles to the case at bar, the MOA signed by RDO Ompoc does not and cannot confer authority to RO Velayo and GS Laut to continue the audit or investigation of respondent's books of accounts for CY 2013. As both are not authorized through an LOA, their investigation and subsequent assessment of respondent's tax deficiency could thus not be sanctioned.

Incidentally, while it may be gainsaid that *Mcdonald* does not do away with the reassignment by the CIR himself, such is not the case here.

In the case of *Medicard Philippines, Inc. v. Commissioner of Internal Revenue*⁵¹ (*Medicard*), the Supreme Court underscored the importance of an LOA, viz:

...

An LOA is the authority given to the appropriate revenue officer assigned to perform assessment functions. It empowers or enables said revenue officer to examine the books of account and other accounting records of a taxpayer for the purpose of collecting the correct amount of tax. An LOA is premised on the fact that the examination of a taxpayer who has already filed his tax returns is a power that statutorily belongs only to the CIR himself or his duly authorized representatives. ...

...

Based on the afore-quoted provision, it is clear that unless authorized by the CIR himself or by his duly authorized representative, through an LOA, an examination of the taxpayer cannot ordinarily be undertaken. The circumstances contemplated under Section 6 where the taxpayer may be assessed through best-evidence obtainable, inventory-taking, or surveillance among others has nothing to do with the LOA. These are simply methods of examining the taxpayer in order to arrive at the correct amount of

⁵¹ G.R. No. 222743, 05 April 2017, Citation omitted and emphasis supplied.

taxes. Hence, unless undertaken by the CIR himself or his duly authorized representatives, other tax agents may not validly conduct any of these kinds of examinations without prior authority.

...

... To begin with, Section 6 of the NIRC requires an authority from the CIR or from his duly authorized representatives before an examination “of a taxpayer” may be made. ...

...

The Supreme Court, citing the case of *Commissioner of Internal Revenue v. Sony Philippines, Inc.*⁵², went on to state:

...

Clearly, there must be a grant of authority before any revenue officer can conduct an examination or assessment. Equally important is that the revenue officer so authorized must not go beyond the authority given. In the absence of such an authority, the assessment or examination is a nullity.

...

Further, the Supreme Court in *McDonald's*⁵³ concluded that:

...

In summary, We rule that the practice of reassigning or transferring revenue officers originally named in the LOA and substituting them with new revenue officers to continue the audit or investigation without a separate or amended LOA (i) violates the taxpayer's right to due process in tax audit or investigation; (ii) usurps the statutory power of the CIR or his duly authorized representative to grant the power to examine the books of account of a taxpayer; and (iii) does not comply with existing BIR rules and regulations, particularly RMO No. 43-90 dated September 20, 1990.

...

Considering the absence of a new and valid LOA authorizing RO Velayo to examine respondent's books of accounts and other accounting records as a result of the reassignment/transfer of the case to him, the

⁵² G.R. No. 178697, 17 November 2010; Emphasis and underscoring supplied.

⁵³ Supra at note 50; Emphasis and underscoring supplied.

deficiency tax assessments issued against respondent are inescapably void.

Petitioner cannot also insist that the assessment remains valid due to the simple reason that the MOA was issued pursuant to a valid LOA as the same does not cure the inherent defect of RO Velayo's appointment. Considering this fatal flaw, respondent's failure to assail the assessment's validity on such grounds at the administrative level will not bar this Court from striking down such an assessment at sight (with or without the same having been raised).

At this point, it is propitious to underscore that the Court of Tax Appeals (CTA) is a court of record pursuant to Section 8⁵⁴ of RA 1125, as amended by RA 9282. As such, the proceeding before this Court constitute *trial de novo* as affirmed by the Supreme Court in *Commissioner of Inter Revenue v. Manila Mining Corporation*⁵⁵ where it was ruled, thusly:

...

Section 8 of Republic Act 1125 (An Act Creating the Court of Tax Appeals) provides categorically that the Court of Tax Appeals shall be a court of record and as such it is required to conduct a formal trial (*trial de novo*) where the parties must present their evidence accordingly, if they desire the Court to take such evidence into consideration.

...

With the above disquisitions, the Court sees no need to belabor itself with further discussions on this issue as the same will no longer change the outcome of this case.

WHEREFORE, with the foregoing, the Petition for Review filed by petitioner Commissioner of Internal Revenue on 25 October 2021 is hereby DENIED for lack of merit. Accordingly, the assailed Decision

⁵⁴ Sec. 8. *Court of record; seal; proceedings.* - The Court of Tax Appeals shall be a court of record and shall have a seal which shall be judicially noticed. It shall prescribe the form of writs and other processes. It shall have the power to promulgate rules and regulations for the conduct of the business of the Court, and as may be needful for the uniformity of decisions within its jurisdiction as conferred by law, but such proceedings shall not be governed strictly by technical rules of evidence.

⁵⁵ G.R. No. 153204, 31 August 2005; Citation omitted, emphasis, italics and underscoring in the original text.

and Resolution dated 11 November 2020 and 14 July 2021, respectively, of the First Division in CTA Case No. 9732, entitled *Misamis Oriental II Rural Electric Service Cooperative, Inc. (MORESCO-II) v. Commissioner of Internal Revenue*, are **AFFIRMED**.


Accordingly, petitioner Commissioner of Internal Revenue is **ENJOINED** from pursuing any actions against respondent Misamis Oriental II Rural Electric Service Cooperative, Inc. (MORESCO-II), relative to the assessment in herein case.


SO ORDERED.


JEAN MARIE A. BACORRO-VILLENA
Associate Justice

WE CONCUR:


ROMAN G. DEL ROSARIO
Presiding Justice


MA. BELEN M. RINGPIS-LIBAN
Associate Justice


CATHERINE T. MANAHAN
Associate Justice

ON LEAVE

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

ON LEAVE

MARIAN IVY F. REYES-FAJARDO

Associate Justice



LANEE S. CUI-DAVID

Associate Justice



CORAZON G. FERRER FLORES

Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII 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