REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

REPUBLIC OF THE PHILIPPINES,
Petitioner,

- versus -

UNICK TREND INNOVATION CORP.,
Respondent.

CTA *EB* NO. 2858
(CTA OC No. 027)

Present:

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

Promulgated:
MAY 20 2025 2:22 pm

x -x

DECISION

CUI-DAVID, J.:

Before the Court *En Banc* is a *Petition for Review*[1] filed by the Republic of the Philippines on February 16, 2024, assailing the *Decision*[2] dated June 21, 2023 (assailed *Decision*) and the *Resolution*[3] dated December 14, 2023 (assailed *Resolution*), both rendered by the Court's *Special Third Division* (Court in Division) in CTA OC No. 027 entitled "*Republic of the Philippines v. Unick Trend Innovation Corp.*" The dispositive portions of the assailed *Decision* and *Resolution* read as follows:

Assailed Decision:

> **WHEREFORE**, in light of the foregoing considerations, the present *Complaint* is **DENIED** for lack of merit.
>
> **SO ORDERED.**

[1] *En Banc (EB)* Docket, pp. 7–22.
[2] *Id.* at 31–45.
[3] *Id.* at 47–52.

Assailed Resolution:

> **WHEREFORE**, premises considered, plaintiff's *Motion for Reconsideration (Re: Decision dated 21 June 2023)* is hereby **DENIED** for lack of merit.
>
> **SO ORDERED.**

Petitioner prays for the reversal of the assailed *Decision* and *Resolution* and the issuance of a new ruling ordering Unick Trend Innovation Corp. to pay the aggregate amount of ₱16,294,557.04, allegedly representing the deficiency income tax and value-added tax (VAT), plus compromise penalties, a fifty percent (50%) surcharge, and a twenty percent (20%) *per annum* deficiency and delinquency interest in accordance with Sections 248 and 249 of the National Internal Revenue Code (NIRC) of 1997, as amended by Republic Act (RA) No. 10963,[4] otherwise known as the Tax Reform for Acceleration and Inclusion (TRAIN) Law.

THE PARTIES

Petitioner is the Republic of the Philippines, a political entity to whom all citizens and persons deriving income within its territory have an obligation to pay taxes. The power of taxation is exercised by plaintiff through the Bureau of Internal Revenue (BIR).[5]

The BIR is represented by the Commissioner of Internal Revenue (CIR), who is empowered to perform the duties of said office, including, among others, the power to assess and collect all national internal revenue taxes, fees, and other charges and to enforce all forfeitures, penalties, and fines connected therewith, with office address at BIR National Office Building, BIR Road, Diliman, Quezon City.[6]

Respondent Unick Trend Innovation Corp. is a corporation duly organized under Philippine laws,[7] engaged in wholesale trading business local and export of various commodities

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4 An Act Amending Sections 5,6, 24,25, 27, 31, 32, 33, 34, 51, 52, 56, 57, 58, 74, 79, 84, 86, 90, 91, 97, 99, 100, 101, 106, 107,108,109,110,112,114,116,127,12S, 129, 145, 148,149,151,155,171,174,175,177,178,179,180, 181, 182, 183,186,188,189,190,191,192, 193,194,195, 196, 197,232, 236,237,249, 254, 264,269, and 288; Creating New Sections 51-A, 148-A, 150-A, 150-B, 237-A, 264-A, 264-B, And 265-A; and Repealing Sections 35,62, and 89; All Under Republic Act No. 8424, Otherwise Known as the National Internal Revenue Code of 1997, As Amended, And For Other Purposes

5 *Id.* at 2, *Petition for Review*, Parties.

6 *Id.*

7 *Id.*

allowed by law of the Republic of the Philippines. Its registered address with the BIR is at No. 12 Duterte St., Lupa Labangon, Cebu City. Respondent may be served with summons, notices and other court processes at its registered address with the BIR, and at its present office at 2/F Arcenas Bldg., Osmena Boulevard, Cebu City, Cebu.[8]

THE FACTS AND THE PROCEEDINGS

The relevant facts, as found by the Court in Division in the assailed *Decision*, are as follows:

> The BIR issued the *Preliminary Assessment Notice* (PAN) dated December 10, 2014, with *Details of Discrepancies*, informing [respondent] of its finding of deficiency VAT and income tax, in the total amount of Php15,914,830.57, inclusive of surcharges and interests.
>
> Subsequently, the BIR issued the *Formal Letter of Demand* ("FLD") dated March 25, 2015, with *Details of Discrepancies*, and *Assessment Notices*, assessing [respondent] for deficiency VAT and income tax, in the aggregate amount of Php16,294,557.04, inclusive of surcharges and interests.
>
> On September 01, 2015, the BIR issued the *Preliminary Collection Letter* against the [respondent]. And a few days later, the BIR issued the *Final Notice Before Issuance of Warrant* dated September 21, 2015 addressed to [respondent].
>
> Thereafter, the BIR issued the *Warrant of Distraint and/or Levy* dated October 9, 2015, directing Revenue Officer ("RO") Insih-Karna S. Alegre to distraint the personal property of [respondent], and to levy the latter's real property, to satisfy the above-stated assessed taxes. The BIR likewise issued *Warrants of Garnishment*, all dated October 09, 2015, directed to different banks, to respectively seize, distraint, and garnish [respondent's] bank account and other property in their possession or control, and to transfer, surrender, transmit and/or remit to the BIR, to cover the tax obligations of [respondent].
>
> On November 40, 2015 [sic], the [respondent] filed with the BIR its letter dated October 20, 2015, praying that the *Warrant of Distraint and/or Levy* be stayed until December 15, 2015, to give [respondent] more time to produce new records and documents.

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[8] *Complaint*, Parties, Par. 4, vis-à-vis *Answer*, Par. 2, Division Docket, pp. 6 & 55, respectively.

> The BIR then issued the *Final Demand Letter Preparatory to Court Action* dated January 20, 2016, addressed to Mr. John Michael Tan, President of [respondent], requesting the latter, for the last time, to pay the total amount of Php16,294,557.04, within thirty (30) days from receipt thereof, otherwise, the BIR will be constrained to pursue the collection thereof through court action.

On December 26, 2019, petitioner filed a *Complaint*[9] before the Court in Division, docketed as CTA OC No. 027, seeking to compel the defendant (now respondent) to pay the aggregate amount of ₱16,294,557.04, allegedly representing deficiency income tax and VAT, plus compromise penalties, a 50% surcharge, and a 20% deficiency and delinquency interest *per annum*, in accordance with Sections 248 and 249 of the NIRC of 1997, as amended.

In its *Answer*[10] filed on February 12, 2020, respondent interposed as an affirmative defense that the assessment issued against it – whether it received a copy of the same or not – was null and void for having been issued without the requisite Letter of Authority (LOA). Respondent argued that the assessment was based on a Letter Notice (LN), which was never converted into an LOA as required by Revenue Memorandum Order (RMO) No. 32-2005,[11] before issuing a Preliminary Assessment Notice (PAN) and Final Assessment Notice (FAN).

During the trial, only petitioner presented evidence, as respondent was declared "as in default" for failure to appear at the scheduled Pre-Trial Conference on March 1, 2021.

On June 21, 2023, the Court in Division rendered the assailed *Decision,* denying petitioner's *Complaint* for lack of merit. It found that the tax collection case arose from the PAN dated December 10, 2014, and the Formal Letter of Demand (FLD) dated March 25, 2015, both issued based on LN No. 081-RLF-11-00-00329. However, no LOA was presented. Citing *Medicard Philippines, Inc. v. Commissioner of Internal Revenue (Medicard),*[12] the Court in Division ruled that an LN is not equivalent to an LOA. Without a prior LOA, the tax assessments were void and could not serve as the basis for tax collection.

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9 Division Docket, pp. 5–16.
10 *Id.* at 55–65.
11 SUBJECT: Prescribing Guidelines and Procedures in Handling Letter Notices for Deployment via the Information Delivery Portal in the Years 2005 Onwards for Audit and Enforcement Purposes.
12 G.R. No. 222743, April 5, 2017 [J. Reyes, Third Division].

Petitioner filed a *Motion for Reconsideration (Re: Decision dated 21 June 2023),*[13] which was denied in the assailed *Resolution* dated December 14, 2023.

Undeterred, petitioner sought a fifteen (15)-day extension to file a *Petition for Review* through a *Motion for Extension to File Petition for Review*[14] filed on February 2, 2024. The Court *En Banc* granted the request in a *Minute Resolution*[15] dated February 5, 2024, extending the deadline to February 17, 2024.

On February 16, 2024, within the extended period, petitioner filed the present *Petition for Review*, to which respondent was directed to file a *Comment* within ten (10) days from notice.[16]

On July 2, 2024, respondent, through an accredited courier, filed a *Motion for Leave to File and to Admit (Comment to the Petition for Review).*[17] However, the Court *En Banc* noted an insufficient number of copies filed. In a *Minute Resolution* dated July 5, 2024, [18] respondent was required to submit seven (7) additional copies within ten (10) days from notice.

In its *Compliance*[19] filed *via* accredited courier on July 23, 2024, respondent submitted the required copies, which the Court *En Banc* noted in a *Minute Resolution*[20] dated July 29, 2024.

On September 5, 2024, the Court directed petitioner to file its comment on the *Motion for Leave to File and to Admit (Comment to the Petition for Review)* within five (5) days from notice. [21] However, the Court's Judicial Records Division reported that petitioner failed to do so.[22]

Thus, in a *Resolution* promulgated on January 21, 2025, the Court *En Banc* granted respondent's *Motion for Leave to File and to Admit (Comment to the Petition for Review)* and admitted its *Comment to the Petition for Review*. The instant case was then submitted for decision.

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13 Division Docket, pp. 436–444.
14 *EB* Docket, pp. 1–4.
15 *Id.* at 6.
16 *Id.* at 53, Minute Resolution.
17 *Id.* at 59–64.
18 *Id.* at 68.
19 *Id.* at 69–70.
20 *Id.* at 74.
21 *Id.* at 77, Minute Resolution dated September 5, 2024.
22 *Id.* at 78.

Hence, this Decision.

ASSIGNMENT OF ERROR

In the present *Petition for Review*, petitioner raises the following error allegedly committed by the Court in Division:

> **THE HONORABLE COURT IN DIVISION ERRED IN RULING THAT THE ASSESSMENTS ARE VOID IN THE ABSENCE OF A LETTER OF AUTHORITY (LOA).**

Petitioner's Arguments:

At the outset, petitioner claims that the Court in Division can no longer rule on the validity of the subject deficiency tax assessments. Petitioner avers that despite the various opportunities to refute the assessment and raise the issue of lack of LOA, respondent made no attempt to question the validity of the assessment issued against it; hence, the same has become final, executory, and demandable.

According to petitioner, to uphold the cancellation of the assessment would be the height of injustice as it is tantamount to allowing the respondent to assail the validity of a final, executory, and demandable assessment which the Supreme Court has already ruled that a final, executory, and demandable assessment may no longer be questioned on appeal. Moreover, to uphold the cancellation of the assessment would set a dangerous precedent wherein taxpayers will ignore the procedures set in the laws and regulations in refuting an assessment. Petitioner theorizes that rather than assailing the validity of the assessment in the administrative proceedings, taxpayers would just wait for the filing of a collection suit to question the validity of the assessment. For petitioner, this should be prevented; otherwise, the government would be deprived of the taxes due to it.

Granting without conceding that the Court in Division may still rule on the validity of the assessment, petitioner submits that the assessment is still valid even in the absence of the LOA.

According to petitioner, the requirement of an LOA is not applicable in the case at bar since there was no actual examination of the books of respondent. Petitioner claims that

an LN is issued by the BIR to those who have been found to have under-declared their sales or purchases through the *Third Party Information Program.* Allegedly, RMO No. 30-2003 [23] authorizes a "no-contact-audit-approach" examination and assessment as well as the issuance of LN, without need of conducting an examination of a taxpayer's books if warranted by the results of the matching of computer data with other information or returns filed by the taxpayer with the BIR. Hence, petitioner asserts that since there is no strict requirement for an LOA in a "no-contact-audit-approach," then the revenue officers (ROs) did not act beyond the scope of their authority as the LN is valid and was duly served upon the respondent.

Petitioner also asserts that the LOA and LN are, in essence, a contract of agency – the CIR being the principal, the Revenue Regional Director (RD) as his agent, and the ROs as sub-agents of the RD; that although the LN was not entitled "Letter of Authority," it contains all the elements necessary to establish a contract of agency between the CIR and the RO.

In closing, petitioner maintains that the burden of proof is on the taxpayer contesting the validity of the assessment to prove not only that the CIR is wrong but that the taxpayer is right. Otherwise, the presumption of correctness of tax assessment stands.

Respondent's Arguments:

In its *Comment*, respondent rejects petitioner's assertion that no LOA is needed, and that the LN suffices, when the assessment resulted from a "no-contact-audit-approach." According to respondent, citing *Medicard*, regardless of the approach used, an assessment without an LOA is null and void.

Respondent likewise avers that a perusal of RMO No. 30-2003 would show the BIR's internal guidelines and procedures in the extraction and analysis of Third-Party Data or RELIEF Data, but nowhere does it state therein that an LOA is not anymore required.

Moreover, respondent submits that petitioner must have confused the requirement in Section 13 of the NIRC of 1997, as amended, which pertains to the authority of the RO to examine

[23] SUBJECT: Guidelines and Procedures in the Extraction, Analysis, Disclosure/Dissemination, Utilization, and Monitoring of RELIEF data for Audit and Enforcement Purposes.

and assess taxpayers within the jurisdiction of the district vis-à-vis the guidelines of RMO No. 30-2003 which merely provides procedures for using RELIEF or third-party data for audit purposes.

Lastly, respondent submits that the present Petition is a pro forma action as the arguments set forth therein are merely rehashed, and it does not bother to identify the findings or conclusions in the *Decision* which are unsupported by evidence or are contrary to law. According to respondent, petitioner has not made any valid argument to refute what is an otherwise hornbook doctrine that assessments are void if no prior LOA was issued, or to at least prove that there are exceptions to this rule and that the subject assessment falls under the exception.

THE COURT *EN BANC'S* RULING

Before delving into the merits of the case, the Court *En Banc* must first determine whether the present *Petition for Review* was timely filed.

The Petition for Review was filed within the prescribed period; thus, the Court En Banc has jurisdiction over the case.

Section 3(b), Rule 8 of the Revised Rules of the Court of Tax Appeals (RRCTA) states:

> **SEC. 3**. *Who may appeal; period to file petition.* —
>
> . . . .
>
> (b) A party adversely affected by a decision or resolution of a Division of the Court on a motion for reconsideration or new trial may appeal to the Court by filing before it a petition for review **within fifteen days from receipt of a copy of the questioned decision or resolution**. Upon proper motion and the payment of the full amount of the docket and other lawful fees and deposit for costs before the expiration of the reglementary period herein fixed, the Court may grant an additional period not exceeding fifteen days from the expiration of the original period within which to file the petition for review. (*Emphasis supplied*)

Records show that petitioner received the *Resolution* dated December 14, 2023, denying its *Motion for Reconsideration (Re: Decision dated 21 June 2023)*, on January 18, 2024. Thus, petitioner had 15 days, or until February 2, 2024, to file a *Petition for Review* before the Court *En Banc*.

On February 2, 2024, petitioner filed a *Motion for Extension to File Petition for Review*, seeking an additional 15 days from February 2, 2024 or until February 17, 2024, to file the *Petition for Review*. The Court *En Banc* granted the *Motion* in a *Minute Resolution*[24] dated February 5, 2024.

Considering that the present *Petition for Review* was filed on February 16, 2024, it was timely filed. Hence, the Court *En Banc* validly acquired jurisdiction over the case.

Now, on the merits.

After a careful review of petitioner's arguments and the records of the case, the Court *En Banc* finds no compelling reason to overturn the assailed *Decision* and *Resolution* of the Court in Division. The records show that the Court in Division thoroughly and exhaustively addressed the issues raised. Nevertheless, to put petitioner's mind to rest, the Court *En Banc* deems it proper to reiterate the points stressed by the Court in Division vis-à-vis petitioner's arguments.

The deficiency tax assessments issued by the BIR against respondent are void due to the absence of a valid LOA.

In the present *Petition for Review*, petitioner maintains that Section 13 of the NIRC of 1997, as amended, which requires the issuance of an LOA before conducting an audit or examination—does not apply, as there was no actual examination of respondent's books. Petitioner claims that under the "no-contact-audit-approach", there is no requirement for an LOA and, in such cases, it is sufficient that an LN was issued in accordance with RMO No. 30-2003.

Petitioner's argument is untenable.

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[24] *EB* Docket, p. 6.

As the Supreme Court aptly ruled in the *Medicard* case:

> **Contrary to the ruling of the CTA *en banc*, an LOA cannot be dispensed with just because none of the financial books or records being physically kept by MEDICARD was examined. 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 requirement of authorization is therefore not dependent on whether the taxpayer may be required to physically open his books and financial records but only on whether a taxpayer is being subject to examination.**
>
> The BIR's RELIEF System has admittedly made the BIR's assessment and collection efforts much easier and faster. The ease by which the BIR's revenue generating objectives is achieved is no excuse however for its non-compliance with the statutory requirement under Section 6 and with its own administrative issuance. **In fact, apart from being a statutory requirement, an LOA is equally needed even under the BIR's RELIEF System because the rationale of requirement is the same whether or not the CIR conducts a physical examination of the taxpayer's records: to prevent undue harassment of a taxpayer and level the playing field between the government's vast resources for tax assessment, collection and enforcement, on one hand, and the solitary taxpayer's dual need to prosecute its business while at the same time responding to the BIR exercise of its statutory powers**. The balance between these is achieved by ensuring that any examination of the taxpayer by the BIR's revenue officers is properly authorized in the first place by those to whom the discretion to exercise the power of examination is given by the statute.
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> That the BIR officials herein were not shown to have acted unreasonably is beside the point because the issue of their lack of authority was only brought up during the trial of the case. What is crucial is whether the proceedings that led to the issuance of VAT deficiency assessment against MEDICARD had the prior approval and authorization from the CIR or her duly authorized representatives. **Not having authority to examine MEDICARD in the first place, the assessment issued by the CIR is inescapably void.** *(Emphasis supplied)*

The *Medicard* ruling establishes that an LN must first be converted into an LOA before an RO may proceed with the examination and assessment of a taxpayer. An assessment conducted without a prior LOA constitutes a violation of due process, rendering the assessment void.

In fact, the Supreme Court even went further in highlighting the importance of an LOA as an instrument of due process when it recently ruled in *Commissioner of Internal Revenue v. McDonald's Philippines Realty Corp. (McDonald's)*,[25] that an LOA should specifically name the ROs who will pursue the tax audit, to wit:

> The **issuance of an LOA prior to examination and assessment is a requirement of due process**. It is not a mere formality or technicality. **In *Medicard Philippines, Inc. v. Commissioner of Internal Revenue*, We have ruled that the issuance of a Letter Notice to a taxpayer was not sufficient if no corresponding LOA was issued.** In that case, We have stated that '[d]ue process demands x x x that after [a Letter Notice] has serve its purpose, the revenue officer should have properly secured an LOA before proceeding with the further examination and assessment of the petitioner. Unfortunately, this was not done in this case.' The result of the absence of a LOA is the nullity of the examination and assessment based on the violation of the taxpayer's right to due process.
>
> To comply with due process in the audit or investigation by the BIR, the taxpayer needs to be informed that the revenue officer knocking at his or her door has the proper authority to examine his books of accounts. The only way for the taxpayer to verify the existence of that authority is when, upon reading the LOA, there is a link between the said LOA and the revenue officer who will conduct the examination and assessment; and the only way to make that link is by looking at the names of the revenue officers who are authorized in the said LOA. If any revenue officer other than those named in the LOA conducted the examination and assessment, taxpayers would be in a situation where they cannot verify the existence of the authority of the revenue officer to conduct the examination and assessment. **Due process requires that taxpayers must have the right to know that the revenue officers are duly authorized to conduct the examination and assessment, and this requires that the LOAs must contain the names of the authorized revenue officers. In other words, identifying the authorized revenue officers in the LOA is a jurisdictional requirement of a valid audit or investigation by the BIR, and therefore of a valid assessment**. (*Emphasis supplied*)

Clearly, petitioner's assertion that there is no strict requirement for an LOA under the "no-contact-audit-approach" and, in such cases, it is sufficient that an LN was issued in compliance with RMO No. 30-2003 is bereft of merit. Even under a "no-contact-audit-approach," the prior issuance of an

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[25] G.R. No. 242670, May 10, 2021 [Per J. Lopez, J., Third Division].

LOA remains a statutory requisite. This is evident when the BIR, recognizing the clear-cut pronouncement of the Supreme Court in *Medicard* relative to the mandatory nature of an LOA, issued Revenue Memorandum Circular (RMC) No. 75-2018,[26] wherein it states:

> The judicial ruling, **invoking a specific statutory mandate**, states that no assessments can be issued or no assessment functions or proceedings can be done without the prior approval and authorization of the Commissioner of Internal Revenue (CIR) or his duly authorized representative through an LOA. **The concept of an LOA is therefore clear and unequivocal. Any tax assessment issued without an LOA is a violation of the taxpayer's right to due process and is therefore "inescapably void**." *(Emphasis supplied)*

Thus, the Court in Division correctly ruled that: Since the subject tax assessments were issued without a prior LOA, the same is void."

Accordingly, the deficiency tax assessments against respondent are void because they were issued without the requisite LOA, in clear violation of due process and established jurisprudence.

The subject deficiency tax assessments, being void ab initio, cannot attain finality.

Petitioner asserts that the deficiency tax assessments have long become final, executory, and demandable and that their validity can no longer be questioned on appeal.

The Court is not convinced.

A void assessment, like a void judgment, has no legal effect. It never attains finality and may be challenged at any time. As the Supreme Court emphasized in *Imperial v. Hon. Armes (Imperial),*[27] a void judgment is legally inexistent:

> **A void judgment is no judgment at all in legal contemplation**. In *Cañero v. University of the Philippines*, we held that —

[26] SUBJECT: The Mandatory Statutory Requirement and Function of a Letter of Authority.
[27] G.R. No. 178842 & 195509, January 30, 2017 [Per J. Jardaleza, Third Division].

> x x x A void judgment is not entitled to the respect accorded to a valid judgment, but may be entirely disregarded or declared inoperative by any tribunal in which effect is sought to be given to it. **It has no legal or binding effect or efficacy for any purpose or at any place**. ...

. . . .

More, our ruling in *Banco Español-Filipino v. Palanca* on the effects of a void judgment has reappeared consistently in jurisprudence touching upon the matter. In this case, we said that **a void judgment is 'a lawless thing, which can be treated as an outlaw and slain at sight, or ignored wherever and whenever it exhibits its head**.' In concrete terms, this means that a void judgment creates no rights and imposes no duties. Any act performed pursuant to it and any claim emanating from it have no legal effect.

. . . .

Effects of a void judgment

. . . .

Thus, in *Guevarra*, **we allowed the filing of a motion for reconsideration even if it was made beyond the reglementary 15-day period We based our ruling on the ground that the order challenged by the motion for reconsideration was issued with grave abuse of discretion and is null and void**. We explained —

> Such judgment or order may be resisted in any action or proceeding whenever it is involved. It is not even necessary to take any steps to vacate or avoid a void judgment or final order; it may simply be ignored.

Our ruling *in Gonzales v. Solid Cement Corporation* is more unequivocal. In this case, we found that the CA committed grave abuse of discretion amounting to lack or excess of jurisdiction, therefore acting outside the contemplation of law. **Hence, even when the period to assail the CA decision had already lapsed, we ruled that it did not become final and immutable. A void judgment never becomes final**. (*Emphasis supplied; citations omitted*)

Similarly, in *Heirs of Galvez v. Court of Appeals*,[28] the Supreme Court emphasized that a void judgment may be attacked anytime, as the action to declare its nullity does not prescribe, *viz.*:

[28] G.R. No. 119193, March 29, 1996 [J. Hermosisima, Jr., *En Banc*].

> Considering that the assailed decision rendered by the lower court on May 6, 1988 is a void judgment, it is no longer necessary to determine whether or not proper service on the late mayor's lawyer-son of a copy of the said decision was valid to reckon the date of its finality inasmuch as **a void judgment never acquires finality and any action to declare its nullity does not prescribe. It can be attacked at anytime**. (*Emphasis supplied*)

Consistent with the above disquisition, the Court in *Tellez v. Spouses Joson*[29] reiterated the principle that a void judgment never becomes final:

> Verily, it cannot produce legal effects and cannot be perpetuated by a simple reference to the principle of immutability of final judgment. Said void judgment may then be set aside by either a direct action or a collateral attack**. It is not necessary to take any steps to vacate or avoid a void judgment or final order as it may simply be ignored.** (*Emphasis supplied*)

Applying these principles to tax assessments, the absence of a valid LOA renders the deficiency tax assessments void *ab initio*. The Supreme Court, in *Medicard*, underscored that an assessment issued without an LOA violates due process and is rendered void.

In *McDonald's*, the Supreme Court reinforced that an LOA is a jurisdictional requirement for the validity of a tax assessment. Without it, any resulting assessment is void and cannot be given legal effect.

Verily, as *Imperial* instructs, a void judgment never becomes final.

Thus, a tax assessment issued without an LOA is not merely voidable but void *ab initio*. It is a jurisdictional defect that cannot be cured by the passage of time or the principle of immutability of judgments. Since a void assessment lacks legal efficacy from the outset, its collection may be assailed at any time, and any action based upon it is likewise void and unenforceable.

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[29] G.R. No. 233909, November 11, 2024 [Per J. Kho, Jr., Second Division].

WHEREFORE, premises considered, the *Petition for Review* filed by the Republic of the Philippines is **DENIED** for lack of merit.

Accordingly, the assailed *Decision* dated June 21, 2023, and *Resolution* dated December 14, 2023, issued by the Special Third Division in CTA OC No. 027, are **AFFIRMED**.

SO ORDERED.

LANEE S. CUI-DAVID
Associate Justice

WE CONCUR:

ROMAN G. DEL ROSARIO
Presiding Justice

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

(With due respect, kindly see my Separate Opinion)
CATHERINE T. MANAHAN
Associate Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

MARIAN IVY F. REYES-FAJARDO
Associate Justice

CORAZON G. FERRER-FLORES
Associate Justice

HENRY S. ANGELES
Associate Justice

CERTIFICATION

Pursuant to Article VIII, Section 13 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

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

REPUBLIC OF THE PHILIPPINES, *Petitioner,*	**CTA *EB* NO. 2858** (CTA OC No. 027) Present:
-*versus*-	**DEL ROSARIO,** *P.J.,* **RINGPIS-LIBAN,** **MANAHAN,** **BACORRO-VILLENA,** **MODESTO-SAN PEDRO,** **REYES-FAJARDO,** **CUI-DAVID,** **FERRER-FLORES,** *and* **ANGELES,** *JJ.*
UNICK TREND INNOVATION CORP., *Respondent.*	Promulgated: MAY 20 2025 2:22 pm

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SEPARATE OPINION

MANAHAN, *J.*:

I agree with the result reached in the *ponencia* denying the Petition for Review. With due respect, however, the same should have been denied for lack of jurisdiction.

The instant petition is an original action for collection under Section 7(c)(1) of Republic Act (RA) No. 1125, as amended. It states:

> "Section 7. *Jurisdiction.* – The CTA shall exercise:
>
> xxx xxx xxx
>
> (c) Jurisdiction over tax collection cases as herein provided:
>
> (1) **Exclusive original jurisdiction** in **tax collection cases** involving **final and executory**

> **assessments** for taxes, fees, charges and penalties: *Provided, however,* That collection cases where the principal amount of taxes and fees, exclusive of charges and penalties, claimed is **less than One million pesos (P1,000,000.00)** shall be tried by the proper Municipal Trial Court, Metropolitan Trial Court and Regional Trial Court."*(Emphasis supplied)*

Thus, the Court has exclusive original jurisdiction if: (1) it involves a tax collection case; (2) of a final and executory assessment; and (3) where the principal amount of taxes and fees, exclusive of charges and penalties, is not less than P1,000,000.00.

Here, the *ponencia* found that the Commissioner of Internal Revenue failed to issue a Letter of Authority (LOA) in connection with the subject assessment. As such, I agree that the absence of an LOA in this case invalidates the said assessment.

Considering that the assessment involved in this case is void, it necessarily follows that the same has not become final and executory. Therefore, the Court of Tax Appeals has no jurisdiction over an original action for collection where the assessment is not final and executory, as provided for under Section 7(c)(1) of RA No. 1125, as amended.

For these reasons, I vote to **DENY** the Petition for Review, for lack of jurisdiction.

CATHERINE T. MANAHAN
Associate Justice