



REPUBLIC OF THE PHILIPPINES
SUPREME COURT
Manila

SECOND DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, Second Division, issued a Resolution dated **03 May 2021** which reads as follows:*

“G.R. No. 255487 (Commissioner of Internal Revenue v. Travellers International Hotel Group, Inc.). - The Court **NOTES** the payment made by the Office of the Solicitor General in the amount of ₱1,000.00 for sheriff’s trust fund under O.R. No. 0291048 dated March 24, 2021.

After a judicious study of the case, the Court resolves to **DENY** the instant petition¹ and **AFFIRM** the Decision² dated July 17, 2020 and the Resolution³ dated February 3, 2021 of the Court of Tax Appeals (CTA) *En Banc* in CTA EB No. 2047 for failure of petitioner Commissioner of Internal Revenue (petitioner) to show any reversible error committed by the CTA *En Banc* in concluding that the Bureau of Internal Revenue (BIR) revenue officers who continued the audit against respondent Travellers International Hotel Group, Inc. (respondent) were without authority to do so in the absence of a new validly signed Letter of Authority (LOA) in their favor, and that respondent’s gaming revenues, as a Philippine Amusement and Gaming Corporation (PAGCOR) licensee, were exempt from corporate income tax.

As correctly ruled by the CTA *En Banc*, it was authorized to rule on the authority of Revenue Officer Larah N. Vito (RO Vito) and Group Supervisor Ma. Amable Tan (GS Tan) to continue the audit against respondent, notwithstanding the fact that this was not raised in respondent’s petition. The Court has already upheld the CTA’s authority to do so on the basis of Rule 14, Section 1 of the Revised Rules of the Court of Tax Appeals and Section 7 of Republic Act No. 1125,⁴ as amended, given that such issue falls under the ‘other matter’ jurisdiction of the CTA.⁵ The CTA *En Banc* likewise correctly held that the deficiency income tax assessment was invalid due to the revenue officers’ lack of authority to continue the audit against

¹ *Rollo*, pp. 3-7.

² *Id.* at 9-25. Penned by Associate Justice Maria Rowena Modesto-San Pedro with Presiding Justice Roman G. Del Rosario and Associate Justices Juanito C. Castañeda Jr., Erlinda P. Uy, Esperanza R. Fabon-Victorino, Ma. Belen M. Ringpis-Liban, Catherine T. Manahan, and Jean Marie A. Bacorro-Villena, concurring.

³ *Id.* at 27-32. Penned by Associate Justice Maria Rowena Modesto-San Pedro with Presiding Justice Roman G. Del Rosario and Associate Justices Juanito C. Castañeda Jr., Erlinda P. Uy, Ma. Belen M. Ringpis-Liban, Catherine T. Manahan, and Jean Marie A. Bacorro-Villena, concurring.

⁴ Entitled ‘AN ACT CREATING THE COURT OF TAX APPEALS.’ approved on June 16, 1954.

⁵ *Commissioner of Internal Revenue v. Lancaster Philippines, Inc.*, 813 Phil. 622, 636-637 (2017).

respondent. It is settled 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.’⁶ As aptly observed by the CTA *En Banc*, the document which was alleged to be the new LOA re-assigning the audit to RO Vito and GS Tan was not signed by the petitioner nor its duly authorized representatives as identified in the Tax Code and in prevailing BIR regulations. Consequently, RO Vito and GS Tan did not have the authority to examine respondent’s books of accounts and tax records, which makes the resulting assessment void. Even assuming that the delegation of authority was valid, the CTA *En Banc* also correctly found that respondent’s gaming revenues as a PAGCOR licensee were exempt from regular corporate income tax after payment of the five percent (5%) franchise tax per the Court’s pronouncement in *Bloomberry Resorts and Hotels, Inc. v. Bureau of Internal Revenue*.⁷ Hence, the CTA *En Banc* correctly set aside the deficiency tax assessment against respondent.

SO ORDERED. (J. Lopez, J., designated additional member per Special Order No. 2822 dated April 7, 2021).”

By authority of the Court:

TERESITA AQUINO TUAZON
Division Clerk of Court

By:


MA. CONSOLACION GAMINDE-CRUZADA
Deputy Division Clerk of Court *Urb*
02 JUN 2021 6/2

⁶ *Medicard Philippines, Inc. v. Commissioner of Internal Revenue*, 808 Phil. 528, 540 (2017).

⁷ G.R. No. 212530, 792 Phil. 751, 762 (2016).

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(CTA EB Case No. 2047)
(CTA Case No. 9168)

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Supreme Court, Manila

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