

REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

En Banc

COMMISSIONER OF INTERNAL
REVENUE,

Petitioner,

CTA *EB* NO. 2263
(CTA Case No. 9029)

Present:

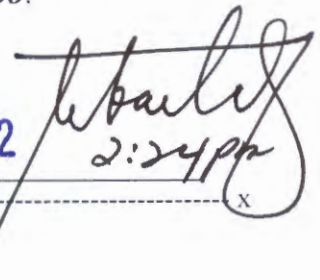
DEL ROSARIO, P.J.,
CASTAÑEDA, JR.,
UY,
RINGPIS-LIBAN,
MANAHAN,
BACORRO-VILLENA,
MODESTO-SAN PEDRO,
REYES-FAJARDO, *and*
CUI-DAVID, *JJ.*

-versus-

FIRST LIFE FINANCIAL CO., INC.,
Respondent.

Promulgated:

FEB 03 2022



x

x

DECISION

MODESTO-SAN PEDRO, J.:

The Case

Before the Court *En Banc* is a **PETITION FOR REVIEW** (“**Petition**”), filed through registered mail on 6 July 2020,¹ with respondents’ **COMMENT AND OPPOSITION (to the Petition for Review dated 3 July 2020)** (“**Comment**”), filed on 6 November 2020.² ¶

¹ Records, pp. 7-75.

² *Id.*, pp. 93-104.

The Parties


Petitioner **COMMISSIONER OF INTERNAL REVENUE** (“CIR”) is the head of the Bureau of Internal Revenue (“BIR”) and empowered to perform the duties of said office, including, among others, the power to decide disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties imposed in relation thereto, or other matters arising under the *National Internal Revenue Code, as amended*, (“NIRC”) or other laws or portions thereof administered by the BIR. He may be served summons, pleadings, and other processes at his office at the BIR National Office Building, BIR Road, Diliman, Quezon City.

Respondent **FIRST LIFE FINANCIAL CO., INC.** is a duly registered domestic corporation with principal address at First Life Center, 174 Salcedo Street, Legaspi Village, Makati City. It is engaged in the business of providing life insurance to its clients.

The Facts

A Letter of Authority No. 2007-0035446 (“LOA”), dated 1 July 2008, was issued by Mr. Romulo L. Aguila, Jr., Head Revenue Executive Assistant of the Large Taxpayers Service (“LTS”) – Regular Large Taxpayers (“LT”), authorizing revenue officer Wilfredo S. Reyes (“RO Reyes”) to examine respondents’ books of accounts and other accounting records for the purpose of determining all revenue taxes due for the taxable year ending 31 December 2007.³

Subsequently, a Memorandum of Assignment, dated 25 February 2013, was issued by Mr. Cesar D. Escalada, Chief of Regular LT Audit Division, in favor of revenue officer Susan L. Salcedo (“RO Salcedo”) and group supervisor Marivic P. Bautista (“GS Bautista”) to continue the audit/investigation of respondent’s possible tax liabilities for the taxable year ending 31 December 2007.⁴

A Preliminary Assessment Notice (“PAN”) was then issued by petitioner on 20 May 2013⁵ and received by petitioner on 14 June 2013.⁶ On 24 September 2013, respondent received a Formal Letter of Demand (“FLD”), dated 16 September 2013, assessing respondent for alleged deficiency income tax, value added tax (“VAT”), premium tax, withholding tax on compensation (“WTC”), fringe benefits tax (“FBT”), expanded withholding tax (“EWT”) 

³ *Id.*, p. 9.

⁴ *Ibid.*

⁵ *Id.*, p. 10.

⁶ CTA Case No. 9029, Division Dockets, Vol. 1, p. 13.

and documentary stamp tax (“DST”) for taxable year 2007,⁷ prompting respondent to file a protest against said FLD on 24 October 2013.⁸

On 27 August 2014, respondent received a Final Decision on Disputed Assessment, dated 27 August 2014, (“FDDA”) issued by Mr. Nestor S. Valeroso, then Officer in Charge – Assistant Commissioner of the LTS. Petitioner then filed its Appeal Letter to respondent on 24 September 2014.⁹

On 16 March 2015, respondent received a Final Decision, dated 2 March 2015, issued by former CIR Kim S. Jacinto-Henares.¹⁰

On 14 April 2015, respondent filed a Petition for Review before the Court in Division to question the validity of the deficiency tax assessment.¹¹


On 4 December 2019, the Court in Division rendered the Assailed Decision, the dispositive portion of which provides:¹²

“WHEREFORE, the instant Petition for Review is hereby GRANTED. Accordingly, the deficiency Income Tax, Value-Added Tax, Premium Tax, Withholding Tax on Compensation, Fringe Benefits Tax, Expanded Withholding Tax and Documentary Stamp Tax for taxable year 2007 in the total amount of P123,199,421.56, inclusive of interests and penalties, are CANCELLED and SET ASIDE.

SO ORDERED.”

On 20 December 2019, petitioner filed his Motion for Reconsideration on the Assailed Decision, which was denied for lack of merit by the Court in Division in a Resolution, dated 11 March 2020.¹³

On 19 June 2020, petitioner filed a Motion for Extension of Time to File Petition for Review,¹⁴ which this Court *En Banc* granted through a Resolution, dated 23 June 2020.¹⁵

On 6 July 2020, petitioner filed the instant Petition through registered mail. 

⁷ Records, p. 10.
⁸ CTA Case No. 9029, Division Dockets, Vol. 1, pp. 13-14.
⁹ *Id.*, p. 14.
¹⁰ Records, p. 10.
¹¹ *Ibid.*
¹² *Id.*, p. 11; Annex “A”, Petition, *id.*, p. 64.
¹³ *Id.*, p. 11; Annex “B”, Petition, *id.*, pp. 66-74.
¹⁴ *Id.*, pp. 1-5.
¹⁵ *Id.*, p. 6.

Afterwards, this Court *En Banc* issued a Resolution, dated 26 August 2020, requiring petitioner to submit a compliant Verification,¹⁶ which was complied with by petitioner through a Compliance filed on 28 September 2020.¹⁷

On 14 October 2020, respondent filed a Manifestation (Change of Office Address).¹⁸ This Court noted this submission in a Resolution, dated 19 October 2020.¹⁹

In a Resolution, dated 20 October 2020, this Court *En Banc* noted petitioner's Compliance and required respondent to file a Comment on the Petition within ten (10) days from notice.²⁰ Thereafter, respondent filed its Comment.

On 24 November 2020, this Court *En Banc* issued a Resolution noting the filing of the Comment and referring the instant case to mediation.²¹ However, on 11 December 2020, this Court *En Banc* received a No Agreement to Mediate from the Philippine Mediation Center Unit.²²

On 13 January 2021, this Court *En Banc* issued a Resolution submitting the instant case for Decision.²³

Hence, this Decision.

The Assigned Errors²⁴

The Petition provides for the following assigned errors to be resolved by the Court *En Banc*:

**THE HONORABLE COURT IN DIVISION
ERRED IN RULING THAT FAILURE OF
THE REASSIGNED REVENUE OFFICER TO
SECURE A NEW LETTER OF AUTHORITY,
AS PROVIDED IN REVENUE
MEMORANDUM ORDER ("RMO") NO. 43-90
RESULTS IN LACK OF AUTHORITY OF**

¹⁶ *Id.*, p. 76-79.

¹⁷ *Id.*, pp. 80-85.

¹⁸ *Id.*, pp. 86-88.

¹⁹ *Id.*, p. 89.

²⁰ *Id.*, pp. 90-92.

²¹ *Id.*, pp. 105-107.

²² *Id.*, p. 108.

²³ Records.

²⁴ *Id.*, p. 12.


**THE REVENUE OFFICER OR RENDERS
THE ASSESSMENT INVALID.**

**THE HONORABLE COURT IN DIVISION
ERRED IN RULING THAT A NEW LETTER
OF AUTHORITY MUST BE ISSUED TO THE
REASSIGNED REVENUE OFFICER.**

**THE HONORABLE COURT SECOND
DIVISION ERRED IN APPLYING THE
CASES OF *COMMISSIONER OF INTERNAL
REVENUE v. SONY PHILIPPINES, INC.*
(“*SONY CASE*”)²⁵ AND *MEDICARD
PHILIPPINES, INC. V. COMMISSIONER OF
INTERNAL REVENUE* (“*MEDICARD
CASE*”)²⁶ IN DECIDING THE INSTANT
CASE. THE SONY CASE AND THE
MEDICARD CASE ARE INAPPLICABLE TO
THE PRESENT CASE.**

Arguments of the Parties

Petitioner argued the following:²⁷

1. The failure of the reassigned revenue officer to secure a new Letter of Authority, as provided in *RMO No. 43-90*, does not result in lack of authority of the revenue officer or render the assessment invalid.
2. *RMO No. 43-90* was issued on 1990. Meanwhile, the *NIRC* was issued on 1997. It is a clear fallacy for the Court in Division to hold that a 1990 internal work procedure implemented a law that will be promulgated seven (7) years in the future.
3. It is a clear misconception to hold that the failure of the reassigned revenue officer to secure a new Letter of Authority results in a lack of authority and invalidity of an assessment. This is merely an imagined consequence not found in any law or rule.
4. The Court in Division erred in ruling that for the new revenue officers to validly join the previously assigned audit team, they must first be granted authority via a new Letter of Authority. 


²⁵ G.R. No. 178697, 17 November 2010.

²⁶ G.R. No. 222743, 5 April 2017.

²⁷ *Id.*, pp. 12-24.

5. The truth is indicating names in the Letter of Authority is not a statutory requirement. It is just an internal procedure which has been incorporated in the form. However, as far as the statute is concerned, what is simply required is that the examination of the revenue officers must be done “pursuant to” a Letter of Authority. It definitely does not state that the revenue officer must be identified in the Letter of Authority itself.
6. The mistaken notion is that Letters of Authority functions as an authorization letter, like a sheriff’s badge, issued to revenue officers.
7. The subject Memorandum of Assignment similarly performed the functions of a Letter of Authority, as envisioned by the Court of Tax Appeals. There is no substantial difference between the two because both informed the taxpayer of the reassignment of the audit/investigation to new revenue officers.
8. The *Sony Case* and the *Medicard Case* are inapplicable to the case at bar. The facts involved in the aforementioned cases are not on all fours with the present case.

In its Comment, respondent counter-alleged the following:²⁸

1. The arguments raised in the Petition are a complete rehash of those raised in the Motion for Reconsideration which were already adequately ruled upon by the Court in Division.
2. The failure of the reassigned revenue officer to secure a new Letter of Authority, as provided in *RMO No. 43-90*, resulted to the lack of authority of said revenue officer, which rendered the assessment invalid.
3. Undoubtedly, only the CIR or his duly authorized representatives can authorize the audit examination of taxpayers for purposes of assessment of any deficiency taxes. Unless duly authorized by them, an examination of the taxpayer by a revenue officer cannot be validly made.
4. The *Sony Case* and the *Medicard case* are applicable to the present case. 

²⁸ *Id.*, pp. 94-102.

The Ruling of the Court En Banc

This Court resolves to **DENY** the **Petition** for lack of merit.

RMO No. 43-90 is still applicable to the present NIRC.

Despite being issued earlier than the law it seeks to implement, **RMO No. 43-90** is still applicable to the present **NIRC**. This was categorically declared by the Supreme Court in **Commissioner of Internal Revenue v. McDonald's Philippines Realty Corp. ("McDonald's Case")**,²⁹ to wit:

“Section D(5) of RMO No. 43-90 dated September 20, 1990 provides:

Any re-assignment/transfer of cases to another RO(s), and revalidation of L/As which have already expired, shall require the issuance of a new L/ A, with the corresponding notation thereto, including the previous L/ A number and date of issue of said L/ As.

The above provision expressly and specifically requires the issuance of a new LOA if revenue officers are reassigned or transferred to other cases. The provision involves the following two separate phrases: ‘re-assignment/transfer of cases to another RO(s)’, on the one hand, and ‘revalidation of L/As which have already expired’, on the other hand. The occurrence of one, independently of the other, requires the issuance of a new LOA. The new LOA must then have a corresponding relevant notation, including the previous LOA number and date of issue of the said LOAs.

The petitioner claims that RMO No. 43-90 dated September 20, 1990 is not the implementing rule for Section 13 of the NIRC. RMO No. 43-90 was promulgated on September 20, 1990, which is seven years prior to the law it supposedly implemented. Because of this, the petitioner implies that RMO No. 43-90 dated September 20, 1990 is not a valid legal basis in the position that a reassignment and transfer of cases requires the issuance of a new and separate LOA for the substitute revenue officer.

The petitioner is mistaken.

Section 291 of the NIRC states:

SECTION 291. In General. - All laws, decrees, executive orders, rules and regulations or parts thereof which are contrary to or inconsistent with this Code are hereby repealed, amended or modified accordingly. *g*

²⁹ G.R. No. 242670, 10 May 2021.

Section D(5) of RMO No. 43-90 dated September 20, 1990 is not contrary to or inconsistent with the NIRC. In fact, the NIRC codifies the LOA requirement in RMO No. 43-90. While RMO No. 43-90 was issued under the old tax code, nothing in Section D(5) RMO No. 43-90 is repugnant to Sections 6(A), 10 and 13 of the NIRC. Hence, pursuant to Section 291 of the NIRC, RMO No. 43-90 remains effective and applicable.

Even the Operations Group of the BIR now recognizes 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 LOA, is no longer tenable. Thus, in Operations Memorandum No. 2018-02-03 dated February 9, 2018, the Operations Group has decided that ‘the issuance of a MOA for reassignment of cases in the aforementioned instances [i.e., the original revenue officer's transfer to another office, resignation, retirement, etc.] shall be discontinued.’”


(Emphasis and underscoring, Ours.)

Indeed, *RMO No. 43-90* remains valid and effective under the present version of the *NIRC*. Hence, any reassignment of a tax audit/investigation shall always require the issuance of a new Letter of Authority in favor of the revenue officers who will continue the examination.

A Letter of Authority as an instrument of due process should particularly name the revenue officers who are authorized to conduct an audit.

Revenue officers conducting an examination of a taxpayer to determine the correct amount of taxes due should be armed with a Letter of Authority. This is a principle undeterred under our tax laws. A Letter of Authority is an instrument of due process for the protection of taxpayers. It guarantees that tax agents will act only within the authority given them in auditing a taxpayer.

The importance of an LOA as a due process requirement in issuing deficiency tax assessments was given paramount consideration by the High Court in the *Medicard Case*,³⁰ to wit:

“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 

³⁰ G.R. No. 222743, 5 April 2017, citing *Commissioner of Internal Revenue v. Sony Philippines, Inc.*, G.R. No. 178697, 17 November 2010.

power that statutorily belongs only to the CIR himself or his duly authorized representatives. Section 6 of the NIRC clearly provides as follows:

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

(A) Examination of Return 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 Commissioner from authorizing the examination of any taxpayer.

X X X X

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 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.**

XXX XXX XXX

In the case of *Commissioner of Internal Revenue v. Sony Philippines, Inc.*, the Court said that:

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.**

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.

XXX XXX XXX



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 and Underscoring, Ours.)

In fact, the Supreme Court even went further in highlighting the importance of a Letter of Authority as an instrument of due process when it ruled in the *McDonald's Case* that a Letter of Authority should specifically name the revenue officers who will pursue the tax audit, to wit:

“A. Due Process Requires
Identification of Revenue Officers
Authorized to Continue the Tax Audit
or Investigation

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 xx 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.** *f*

We do not agree with the petitioner's statement that the LOA is not issued to the revenue officer and that the same is rather issued to the taxpayer. The petitioner uses this argument to claim that once the LOA is issued to the taxpayer, 'any' revenue officer may then act under such validly issued LOA.

The LOA is the concrete manifestation of the grant of authority bestowed by the CIR or his authorized representatives to the revenue officers, pursuant to Sections 6, 10(c) and 13 of the NIRC. Naturally, this grant of authority is issued or bestowed upon an agent of the BIR, i.e., a revenue officer. Hence, petitioner is mistaken to characterize the LOA as a document 'issued' to the taxpayer, and that once so issued, 'any' revenue officer may then act pursuant to such authority.”
(Emphasis and Underscoring, Ours.)

Thus, petitioner's contention (that there is no need to identify in the Letter of Authority the specific revenue officers who will perform the tax audit since what is simply required is that the examination of the revenue officers must be done “pursuant to” a Letter of Authority) is mistaken. A taxpayer has the right to know the specific revenue officers who are authorized to examine his or her books of accounts and other accounting records. Consequently, a Letter of Authority must particularly state the revenue officers authorized to audit/investigate a particular taxpayer.

A Memorandum of Assignment cannot take the place of a Letter of Authority.


In the *McDonald's Case*, the Supreme Court declared that a Memorandum of Assignment cannot substitute for a Letter of Authority. A Memorandum of Assignment simply notifies a taxpayer of the transfer of an audit/investigation to another set of revenue officers. Unlike a Letter of Authority, a Memorandum of Assignment does not show that the new set of revenue officers who will pursue the audit are properly authorized to do so. A Letter of Authority is a special grant of authority to a specific set of revenue officers to examine a taxpayer's books of accounts and other accounting records for purposes of determining the taxes due. The Supreme Court ruled as follows:

“B. The Use of Memorandum of Assignment, Referral Memorandum, or Such Equivalent Document, Directing the Continuation of Audit or Investigation by an Unauthorized Revenue Officer Usurps the Functions of the LOA *q*”

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 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.”
(Emphasis, Ours.)

As admitted by petitioner, the LOA, dated 1 July 2008, was issued by Mr. Aguila, Head Revenue Executive Assistant of the LTS – Regular LT. This LOA authorized RO Reyes to examine respondents’ books of accounts and other accounting records for the purpose of determining all revenue taxes due for the taxable year 2007.³¹ After this, the audit/investigation was transferred to RO Salcedo and GS Bautista through a Memorandum of Assignment, dated 25 February 2013, which was issued by Mr. Escalada, Chief of Regular LT Audit Division.³² 

³¹ Records, p. 9.

³² *Ibid.*

Through this Memorandum of Assignment issued in favor of RO Salcedo and GS Bautista, these two (2) revenue officers were able to come up with audit findings that then resulted in the issuance of the PAN on 20 May 2013³³ and the issuance of an FLD on 16 September 2013 assessing respondent for deficiency income tax, VAT, premium tax, WTC, FBT, EWT, and DST for taxable year 2007.³⁴

In totality, the aforementioned revenue officers were able to audit, examine, and inspect respondent's books of accounts and other accounting records (which then lead to the present assessment against respondent) through such mere Memorandum of Assignment, despite the clear mandate of *RMO No. 43-90* which requires the issuance of a new Letter of Authority in favor of the revenue officers to whom the examination of a taxpayer has been reassigned.

It is noteworthy that assessments issued without the requisite Letter of Authority are inescapably void.³⁵

Consequently, due to the absence of a Letter of Authority authorizing RO Salcedo and GS Bautista to examine respondent, the deficiency tax assessments issued against respondent are void. Accordingly, no tax collection can be pursued based on these assessments.

The Memorandum of Assignment cannot be treated as a valid Letter of Authority.

It may be argued that a Letter of Authority does not take a particular form. Following this line of argument, any document may qualify as a Letter of Authority provided that the essential requisites of a Letter of Authority are present.

To be effective, a Letter of Authority must be issued either by respondent himself or by his duly authorized representative. Under *Section 13 of the NIRC*, the duly authorized representative is the Revenue Regional Director. Under *Section D (4) of RMO No. 43-90*, petitioner expanded the list of duly authorized representatives who may issue Letters of Authority:

- “1. Regional Directors;
2. Deputy Commissioners;
3. Commissioner; and *4*

³³ *Id.*, p. 10.

³⁴ *Ibid.*

³⁵ *Medicaid Philippines, Inc. v. Commissioner of Internal Revenue*, G.R. No. 222743, 5 April 2017.

4. Other officials that may be authorized by the Commissioner for the exigencies of service.”³⁶

Moreover, under *RMO No. 29-07*,³⁷ the equivalent of a Regional Director in the LTS is the Assistant Commissioner or Head Revenue Executive Assistants. Thus, they are the ones authorized to issue a Letter of Authority, to wit:

“II. AUDIT POLICIES AND GUIDELINES

1. The Chief, Large Taxpayers Audit & Investigation Divisions/LTDOs shall draw a list of taxpayers selected for audit under its current selection criteria. The list shall state the name of taxpayer selected for audit, the nature of business, the amount of gross sales/receipts, the selection code, the PSIC code, and the corresponding amount of tax paid for the period. The said list shall be submitted to the Assistant Commissioner/Head Revenue Executive Assistant, Large Taxpayers Service for approval, copy furnished the Commissioner of Internal Revenue.

2. All Letters of Authority (LOAs) shall be issued and approved by the Assistant Commissioner/ Head Revenue Executive Assistants.”
(Emphasis, Ours.)

Using this line of thought, a Memorandum of Assignment may be considered a valid and effective Letter of Authority, provided that it was issued by any of the persons named above.

In the present case, the subject Memorandum of Assignment was issued by Mr. Escalada, Chief of Regular LT Audit Division.³⁸ This signatory is not among those listed above. Hence, the Memorandum of Assignment cannot qualify as a valid Letter of Authority.

Considering that the revenue officers who examined and audited respondent’s books of accounts and other accounting records are not armed with a proper Letter of Authority, the resulting deficiency tax assessment is undoubtedly null and void.

Following the above discussions, this Court deems it unnecessary to resolve the remaining issues. *h*

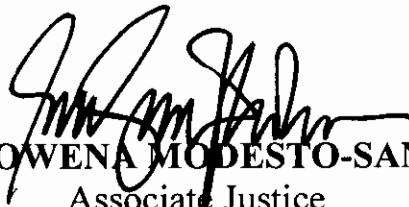
³⁶ Commissioner of Internal Revenue v. Sugar Crafts, Inc., CTA EB No. 1757; CTA Case No. 8738, Resolution, dated 10 September 2019.

³⁷ Prescribing the Audit Policies, Guidelines and Standards at the Large Taxpayers Service, 26 September 2007.

³⁸ Records, p. 9.

WHEREFORE, the instant Petition is hereby **DENIED** for lack of merit. Accordingly, the Decision, dated 4 December 2019, and Resolution, dated 11 March 2020, promulgated by the Court in Division are hereby **AFFIRMED**.

SO ORDERED.



MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

WE CONCUR:



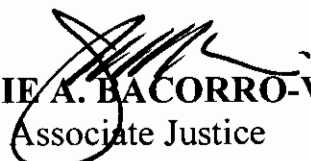
ROMAN G. DEL ROSARIO
Presiding Justice

Juanito C. Castañeda, Jr.
JUANITO C. CASTAÑEDA, JR.
Associate Justice



ERLINDA P. UY
Associate Justice

Ma. Belen M. Ringpis-Liban
MA. BELEN M. RINGPIS-LIBAN
Associate Justice

Catherine T. Manahan
CATHERINE T. MANAHAN
Associate Justice



JEAN MARIE A. BACORRO-VILLENA
Associate Justice

Marian Ivy F. Reyes-Fajardo
MARIAN IVY F. REYES-FAJARDO
Associate Justice


LANEE S. CUI-DAVID
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