

### Title: Commissioner of Internal Revenue vs. V.Y. Domingo Jewellers, Inc.

### Facts:

This case involves the Philippine Bureau of Internal Revenue (BIR) issuing a Preliminary Assessment Notice (PAN) against V.Y. Domingo Jewellers, Inc. on September 9, 2009, for deficiency income tax and value-added tax for the taxable year 2006, amounting to P2,781,844.21. V.Y. Domingo requested re-evaluation and reconsideration of this assessment, which led to a sequence of events culminating in a legal dispute over the BIR's tax assessment. The procedural posture of this case took it from the BIR, to the Court of Tax Appeals (CTA) First Division, and onto the CTA En Banc due to motions, appeals, and ultimately a petition for review on certiorari to the Supreme Court of the Philippines.

V.Y. Domingo received a Preliminary Collection Letter (PCL) for collection of the assessed taxes which prompted them to request certified true copies of the Assessment Notices. After receiving these, V.Y. Domingo filed a Petition for Review with the CTA First Division on the basis that the assessments were issued beyond the prescriptive period for assessment and collection of internal revenue taxes, effectively challenging the BIR's demand for payment.

The CTA First Division dismissed V.Y. Domingo's petition for lack of jurisdiction, stating that for jurisdiction to be proper, an assessment must be disputed and either ruled upon or denied due to inaction. The decision was appealed to the CTA En Banc, which reversed the CTA First Division's ruling and remanded the case for further proceedings. The Commissioner of Internal Revenue subsequently sought review from the Supreme Court.

### Issues:

The primary legal issue was whether the CTA First Division possessed the jurisdiction to entertain V.Y. Domingo's petition for review when it was contended that there was no "disputed" assessment because the Assessment Notices were treated as final, making any administrative protest futile in V.Y. Domingo's view.

### Court's Decision:

The Supreme Court ruled in favor of the Commissioner of Internal Revenue, emphasizing the proper procedural steps required by a taxpayer to dispute an assessment. It reiterated that jurisdiction of the CTA is specifically provided for and is confined to clear statutory mandates. The Court held that V.Y. Domingo improperly bypassed the administrative process by filing its petition for review with the CTA First Division, thereby violating the doctrine of exhaustion of administrative remedies. The Court reinstated the CTA First

Division's resolutions dismissing V.Y. Domingo's petition for lack of jurisdiction.

**### Doctrine:**

This case reinforced the doctrine of exhaustion of administrative remedies in tax disputes. It held that taxpayers must follow established administrative procedures (i.e., filing a valid protest within the prescribed period) before seeking judicial review. The decision to appeal directly to the courts without exhausting these procedures renders the appeal premature and outside the jurisdiction of the Court of Tax Appeals.

**### Class Notes:**

- An appeal to the CTA requires a "disputed assessment," where the CIR has made a ruling or is deemed to have made a ruling due to inaction.
- The doctrine of exhaustion of administrative remedies dictates that taxpayers must utilize all administrative avenues for relief prior to resorting to judicial action.
- Jurisdiction of the CTA is specific and limited to matters clearly defined by statute.

**### Historical Background:**

This case underscores the stringent procedural guidelines within Philippine tax law governing how disputes over tax assessments are handled. The legal framework demands strict compliance with administrative processes before taxpayers can engage the judiciary. It reflects the broader principle of administrative law that requires disputants to exhaust remedies available within the administrative agency to ensure judicial economy and respect for the specialized roles of administrative bodies.