

****Title:**** Himlayang Pilipino Plans, Inc. vs. Commissioner of Internal Revenue

****Facts:****

This case revolves around the assessment of deficiency taxes against Himlayang Pilipino Plans, Inc. (petitioner) for the taxable year 2009 by the Commissioner of Internal Revenue (CIR). It began with the issuance of a manual Letter of Authority (LOA) to the petitioner, allowing the examination of its books of accounts and other accounting records for all internal revenue taxes for the period covering January 1, 2009, to December 31, 2009. Following the examination, the CIR issued a Preliminary Assessment Notice (PAN) for several deficiency taxes. The petitioner protested this notice; however, the CIR later issued a Formal Letter of Demand (FLD) and Final Assessment Notices (FAN), leading the petitioner to administratively protest the FAN. The CTA Second Division dismissed the petition due to late filing of the protest, and upon the petitioner's move for reconsideration, which was also denied, the case was elevated to the CTA En Banc. Even there, the petition was denied, leading the petitioner to file for a Petition for Review on Certiorari under Rule 45 of the Rules of Court, reiterating the nullity of the assessment due to lack of authority of the revenue officers who conducted the audit.

****Issues:****

1. Whether the assessment conducted against the petitioner was null and void due to the purported lack of a valid Letter of Authority (LOA).

****Court's Decision:****

The Supreme Court granted the petition and set aside the decisions of the CTA En Banc and the CTA Second Division, declaring the Formal Letter of Demand with Details of Discrepancies and Assessment Notices issued against the petitioner as unauthorized. The Court found that the revenue officer who conducted the audit was not duly authorized under a valid LOA. The Court emphasized that the issuance of a new LOA was necessary for the re-assignment/transfer of cases to another revenue officer, which did not occur in this case. Thus, the assessment was void ab initio due to this procedural defect.

****Doctrine:****

A Letter of Authority is critical for the validity of an assessment made by a revenue officer. An audit conducted without a properly issued LOA is void. This reinforces the procedural requirement that the CIR or his duly authorized representative must issue a valid LOA to a specific revenue officer to conduct an examination or assessment of a taxpayer's books.

****Class Notes:****

- ****Key Elements:**** LOA importance, procedural compliance for tax assessment.
- ****Statutory Provisions:**** Section 13 of the National Internal Revenue Code requires a valid LOA for revenue officers to conduct an audit.
- ****Application:**** The absence of a new LOA upon the reassignment of an auditing officer renders the tax assessment void. This case illustrates the strict adherence to procedural requirements before tax assessments can be deemed valid.

****Historical Background:****

In the administrative and judicial tax dispute resolution processes, the requirement for a valid LOA has been consistently emphasized to ensure the legality and propriety of tax assessments. This adheres to principles of due process in administering tax laws, ensuring taxpayers are only subject to assessment by properly authorized revenue officers, which safeguards the integrity of the tax administration system.