

****Title:**** Philippine Journalists, Inc. vs. Commissioner of Internal Revenue

****Facts:****

Philippine Journalists, Incorporated (PJI) filed its Annual Income Tax Return for the year ending December 31, 1994, with a tax due after credits of P10,247,384.00. Following an examination of PJI's books initiated on August 10, 1995, the Bureau of Internal Revenue (BIR) informed PJI of a deficiency totaling P127,980,433.20 across various taxes. A waiver of the statute of limitations under the National Internal Revenue Code (NIRC) was executed by PJI's comptroller, prolonging the assessment period beyond the initial three years.

On December 9, 1998, the BIR issued an assessment/demand notice against PJI for P111,291,214.46, covering income tax, value-added tax, and expanded withholding tax deficiencies. Following unsuccessful exchanges and a notice before seizure issued by BIR, PJI received a Warrant of Distraint and/or Levy in March 2000.

PJI appealed to the Court of Tax Appeals (CTA), arguing against both the validity of the assessment and the warrant. The CTA ruled in favor of PJI, noting the deficiency assessment was time-barred due to an invalid waiver on the statute of limitations. The Commissioner of Internal Revenue's (CIR) subsequent appeal to the Court of Appeals (CA) led to a decision against PJI, with the CA holding that the waiver's formal defects were minor and that the assessment had become final. PJI then appealed to the Supreme Court.

****Issues:****

1. Jurisdiction of the CTA over PJI's petition despite non-filing for reconsideration or reinvestigation with the BIR.
2. Validity of the waiver of the statute of limitations and its compliance with RMO No. 20-90 and its effect on the assessment's timeliness.
3. Finality and executory nature of the assessment against PJI due to alleged procedural lapses.

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

The Supreme Court granted PJI's appeal, setting aside the CA's decision. It clarified the CTA's jurisdiction, holding the CTA competent to review the case's merits, including the validity of warrants issued by the BIR and the waiver of the statute of limitations.

On the waiver's validity, the Court emphasized the strict compliance requirement with RMO

No. 20-90, finding the waiver defective for not specifying an expiry date, not being duly noted by the Commissioner, and for PJI not being furnished a duly accepted copy. Consequently, the waiver was rendered invalid, resulting in the assessment being barred by the statute of limitations.

The Supreme Court highlighted the need for strict adherence to procedural requirements for waivers of the statute of limitations, reinforcing that such waivers must be bilateral with clear stipulations and deadlines agreed by both the taxpayer and the BIR.

****Doctrine:****

1. Waivers of the Statute of Limitations must strictly comply with procedural requirements, including specifying an expiry date, acceptance by the Commissioner of Internal Revenue, and provision of a taxpayer copy.
2. The appellate jurisdiction of the CTA encompasses cases arising under the NIRC or related laws administered by the BIR, not limited solely to disputed assessments or refunds.

****Class Notes:****

- ****Statute of Limitations:**** Taxes should be assessed within three years following the return filing deadline (NIRC, Section 203). Exceptions apply (Section 222) when both the taxpayer and Commissioner agree in writing to an assessment extension before the period expires.
- ****Waiver Requirements:**** For a waiver to the statute of limitations to be valid, it must specify an expiry date for the extended period, indicate acceptance by the Commissioner or authorized official, and be furnished to the taxpayer (RMO No. 20-90).
- ****CTA Jurisdiction:**** Includes review of BIR decisions on disputed assessments, refunds, or any matter under the NIRC. It is not confined to instances where a reconsideration or reinvestigation request has been denied by the BIR.
- ****Waivers vs. Extensions:**** Waivers are bilateral agreements to extend the prescription period for tax assessment and collection. They should not be treated as unilateral relinquishments of the right to invoke prescription defenses.

****Historical Background:****

This case affords a precise instance of the legal disputes surrounding the interpretation and application of tax laws in the Philippines, highlighting the tension between taxpayer rights and the tax authority's prerogatives. It underscores the critical roles procedural compliance

and statutory interpretations play in tax assessments and the broad appellate jurisdiction of the Court of Tax Appeals in safeguarding taxpayer rights while ensuring adherence to fiscal laws.