

****Title:****

Light Rail Transit Authority vs. Bureau of Internal Revenue

****Facts:****

1. ****Preliminary Assessment Notice:**** On Dec 8, 2008, the Regional Director issued a Preliminary Assessment Notice to Light Rail Transit Authority (LRTA) for various tax deficiencies totaling PHP 3,521,915.61.
2. ****Formal Assessment Notice:**** LRTA protested the initial notice, but a Formal Assessment Notice followed on Dec 24, 2008, stating the deficiencies had grown to PHP 3,555,982.19, due to accrued interest. LRTA again protested this assessment.
3. ****Final Decision on Disputed Assessment:**** On Apr 1, 2011, the Regional Director denied LRTA's protest, a decision which LRTA received on Apr 26, 2011. LRTA subsequently appealed this final decision to the Commissioner of Internal Revenue on May 6, 2011.
4. ****Collection Letters and Seizure Notices:**** While LRTA's appeal was pending, a series of collection actions began:
 - On Sep 20, 2011, LRTA received a Preliminary Collection Letter demanding payment of PHP 9,279,619.86.
 - On Nov 23, 2011, a Final Notice Before Seizure was issued, giving LRTA another 10 days to settle.
 - On Mar 5, 2012, a Warrant of Distraint and/or Levy was issued, which LRTA received on May 17, 2012.
5. ****Reinvestigation and Finality:**** Due to LRTA's continued protests, the Revenue Officer initially began reinvestigating the assessment. However, on Jun 9, 2014, the Revenue Officer dropped the reinvestigation citing lack of documents from LRTA, declaring the assessment final and demandable.
6. ****Additional Communication and Petition for Review:**** The Regional Director reiterated this finding in a Jun 30, 2014 letter, received by LRTA on Aug 12, 2014. LRTA then filed a Petition for Review with the Court of Tax Appeals (CTA) on Sep 11, 2014. The Bureau of Internal Revenue (BIR) moved to dismiss on the grounds of lack of jurisdiction.
7. ****CTA Decisions:****
 - The CTA dismissed LRTA's petition for lack of jurisdiction in Feb 2015.

- LRTA's subsequent motions for reconsideration and motion to quash Warrant of Dstraint and/or Levy were denied in May 2015.

8. **CTA En Banc Decision:** The En Banc affirmed the lower CTA's decision in Oct 2016, holding the petition as time-barred. LRTA filed a motion for reconsideration, which was again denied in Apr 2017.

Issues:

1. **Jurisdiction - Reckoning Point:** Whether the CTA had jurisdiction to entertain LRTA's Petition for Review, considering whether the appropriate reckoning point to file the petition was the Fiscal Decision on Disputed Assessment or the subsequent letters and actions.

2. **Prescription:** Whether the BIR's right to assess LRTA had prescribed, with LRTA claiming that the Preliminary Assessment Notice was issued beyond the prescriptive period.

Court's Decision:

1. **Jurisdiction:**

- The Supreme Court held that LRTA's option to await the decision on the protest by the Commissioner means the 30-day period should be counted from the issuance of the Commissioner's final decision (Jun 30, 2014), not from the initial Final Decision on Disputed Assessment or Warrant of Dstraint and/or Levy.

- LRTA filed timely within the 30-day period post-receipt of the Jun 30 letter.

- The CTA incorrectly held that LRTA's petition was premature or time-barred.

2. **Prescription:**

- The assessment had not prescribed as LRTA signed a Waiver of [Statute of] Limitations up to Dec 31, 2008.

- The Preliminary Assessment Notice on Dec 8, 2008, fell within this extended period.

Doctrine:

1. **Inclusivity in Jurisdiction of the CTA:** The doctrine that the CTA has the jurisdiction over petitions on final decisions of the Commissioner of Internal Revenue, including those situations where the taxpayer awaits the commissioner's final decision on administrative protests before seeking judicial recourse.

2. **Waiver Validity:** Taxpayers can extend the prescriptive period for tax assessments by

executing valid waivers, and assessments can remain valid if issued within the stipulated periods.

****Class Notes:****

1. ****Appeal in Tax Cases:**** Two options exist for taxpayers regarding inaction by the BIR within 180 days - file a petition within 30 days post-lapse of the period or await the final decision and then appeal within 30 days post-receipt.
2. ****Prescriptive Period in Tax Law:**** Sections 203 and 222 of the Tax Code determine periods of limitations based on the nature of the tax issue unless extended via written agreement (waiver).
3. ****Execution of Collection Remedies:**** Sections 205 and 207 of the Tax Code outline distraint and levy proceedings, crucial when dealing with delinquent taxes.

****Historical Background:****

This case emphasizes procedural aspects in tax litigation under Philippine law and clarifies taxpayer remedies concerning delays in the BIR's action on protests. This decision aligns the Philippine doctrine closer to international practices where the administrative due process requirements balance the government's necessity to collect revenue and taxpayer's right to contest unfair assessments.