

Title: Qatar Airways Company with Limited Liability vs. Commissioner of Internal Revenue, G.R. No. 235072

Facts:

- Initial Filing and Payment:** On November 30, 2011, Qatar Airways filed its 2nd Quarterly Income Tax Return (ITR) for Fiscal Year ending March 31, 2012, through the Electronic Filing and Payment System (eFPS) of the Bureau of Internal Revenue (BIR). The filing, however, was one day late, and the tax due, amounting to P29,540,836.00, was paid.
- Request for Abatement:** Petitioner sent a letter on April 11, 2012, requesting abatement of surcharge imposed due to the one-day late filing.
- BIR Assessment Notice:** On May 18, 2012, the BIR issued Assessment Notice No. QA-12-000-135, charging Qatar Airways a 25% surcharge of P7,385,209.00, interest of P16,186.76 for late payment, and a compromise penalty of P50,000.00.
- Payment of Some Charges:** On July 3, 2012, petitioner paid a total of P66,186.76 via eFPS to cover the compromise penalty and the interest for late payment.
- Requests for Abatement:** Qatar Airways sent letters on July 4, 2012, and March 7, 2013, requesting the abatement or cancellation of the surcharge, citing unjust and excessive imposition and uncontrollable circumstances.
- Denial of Requests:** The BIR, through various letters, maintained its stance and denied the requests for abatement, stating no new justification was presented and iterated the demand for payment.
- Final Denial:** In a letter dated April 3, 2014, the BIR reiterated the final denial of the request.
- Appeal to Court of Tax Appeals (CTA):** On May 8, 2014, Qatar Airways filed a Petition for Review before the CTA (docketed as CTA Case No. 8816).
- CTA Division Ruling:** On January 22, 2016, the CTA 2nd Division denied the petition for lack of jurisdiction, noting the 30-day period for appeal started on February 10, 2014, and thus was already expired by the filing date.
- CTA En Banc Ruling:** On appeal, the CTA En Banc also denied the Petition for

Review on June 10, 2016, stating that the surcharge imposed was lawful under Section 248(A)(1) of the 1997 National Internal Revenue Code (NIRC).

****Issues:****

1. ****Jurisdiction of the CTA:**** Whether the CTA 2nd Division correctly denied the petition for review for lack of jurisdiction based on the premature appeal.
2. ****Legitimacy of the Surcharge:**** Whether the surcharge and penalties imposed by the BIR were just and not excessive.
3. ****Abatement of Penalties:**** Whether the BIR's refusal to abate the surcharge and penalties was an abuse of discretion.

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

1. ****On Jurisdiction:**** The Supreme Court upheld the CTA Division's finding that Qatar Airways' filing was past the specified period, thus lacking jurisdiction. The 30-day filing period commenced from the initial denial on February 10, 2014, making the May 8, 2014 filing late.
2. ****On the Surcharge:**** The Court found the BIR's surcharge of P7,385,209.00 to be justified and not excessive per Section 248(A)(1) of the 1997 NIRC. The surcharge was a penalty for failure to file the return and pay the tax on the prescribed due date.
3. ****Discretion of the CIR:**** The Court asserted there was no abuse of discretion by the BIR. Technical issues during filing or a misunderstanding of new regulations do not constitute uncontrollable circumstances that prevent timely filing. Abatement under these specific issues was not warranted.

****Doctrine:****

1. ****Abatement Authority:**** Section 204(B) of the 1997 NIRC provides the CIR the authority to abate or cancel tax liabilities when taxes are unjustly or excessively assessed.
2. ****Circumstances for Abatement:**** RR No. 13-2001 outlines when penalties can be abated due to issues like erroneous written official advice, legitimate business reversals, or uncontrollable circumstances affecting timely tax filings.
3. ****Known Deadlines and Penalties:**** Taxpayers are responsible for adhering to filing

deadlines. Failure to file on time, even by a day, results in surcharges under Section 248(A)(1) of the 1997 NIRC.

****Class Notes:****

- ****Key Elements of Tax Liability Abatement:****
- Authority to abate or cancel (NIRC, Section 204(B))
- Circumstances deemed uncontrollable or unjust per RR No. 13-2001
- Procedural adherence to filing and appealing periods for tax assessments (NIRC, Section 248(A)(1))
- BIR's discretion in handling requests for reconsideration and abatement requests.

****Historical Background:****

- The case underscores the rigorous adherence to tax filing protocols and penalties within the Philippine tax system, emphasizing the discretionary power of the BIR in assessing tax liabilities and penalties. The case is a modern reaffirmation of the stringent application of tax laws and underscores the importance of compliance, setting a precedent for clear boundaries on abatement claims and taxpayer responsibilities.