

****Title:****

People of the Philippines vs. Benedicta Mallari and Chi Wei-Neng, G.R. No. 867 Phil. 254

****Facts:****

1. ****Filing of Complaint:**** On October 23, 2007, Regional Director Alfredo V. Misajon of the Bureau of Internal Revenue (BIR), Regional Office No. 6 filed a criminal complaint against Benedicta Mallari and Chi Wei-Neng for violation of Section 255 in relation to Sections 253 and 256 of the 1997 National Internal Revenue Code (NIRC) due to Topsun International, Inc.'s Value Added Tax (VAT) deficiency for January to June 2000 amounting to P3,827,564.64 and a compromise penalty of P25,000.00.
2. ****Procedural History:****
 - ****Initial Proceedings:**** The Office of the City Prosecutor (OCP) of Manila found probable cause to indict Mallari and Wei-Neng and recommended that an Information be filed before the Court of Tax Appeals (CTA).
 - ****Information Filed:**** An Information was filed before the CTA First Division, charging Mallari and Wei-Neng with failure to pay deficiency income tax.
3. ****CTA First Division Observations:**** The CTA First Division observed discrepancies in the charges (deficiency VAT vs. deficiency income tax) and noted the lack of written approval from the Commissioner of Internal Revenue (CIR), as mandated by Sections 220 and 221 of the NIRC.
4. ****CTA First Division Directives:**** The CTA First Division directed Assistant City Prosecutor (ACP) Mendoza to correct the Information and provide the required documents within five days.
5. ****Compliance and Dismissal:**** Despite multiple directives, ACP Mendoza failed to provide a certified true copy of the Memorandum from the CIR authorizing Regional Director Misajon to prosecute the case. Consequently, the CTA First Division dismissed the case on December 14, 2009.
6. ****Motion for Reconsideration:**** The prosecution's Motion for Reconsideration was filed out of time on January 18, 2010; the CTA Special First Division denied the motion on March 17, 2010.
7. ****Petition for Review:**** The prosecution filed a petition for review before the CTA En Banc, which was dismissed on May 23, 2011.
8. ****Petition for Review on Certiorari:**** The People of the Philippines filed a Petition for Review on Certiorari before the Supreme Court challenging the dismissal and issues surrounding the procedural requirements and timeliness.

****Issues:****

1. ****Finality of the December 14, 2009 Resolution:**** Whether the December 14, 2009, Resolution of the CTA First Division had already become final.
2. ****Authority of the Regional Director:**** Whether a Regional Director can sign approvals and referral letters to authorize the institution of criminal actions/cases without the CIR's written approval.

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

1. ****Finality of Resolution:****

- The Supreme Court affirmed that the December 14, 2009, Resolution of the CTA First Division already attained finality due to the petitioner's failure to timely file a Motion for Reconsideration. The initial served notice to the Office of the City Prosecutor and BIR Main Office was deemed proper and adequate.
- Petitioner's failure to challenge the proper service of previous CTA resolutions or provide any convincing justification for the late filing confirmed the appellate court's decisions.

2. ****Authority of the Regional Director:****

- The Regional Director cannot sign approvals and referral letters for the institution of criminal actions without the CIR's explicit written approval, as mandated under Sections 220 and 221 of the NIRC. The Court did not find RDAO No. 2-2007 sufficient for this purpose.

****Doctrine:****

- ****Finality of Judgment:**** Judgments or orders become final and executory by operation of law and not by judicial declaration, putting emphasis on the strict compliance with the prescribed periods for legal recourse.
- ****CIR's Approval Requirement:**** It reiterates the necessity for explicit written approval from the CIR for the institution of criminal actions, not superseded by internal revenue delegation authority orders which only allow for signing and not for approval.

****Class Notes:****

1. ****Finality of Judgment:**** The importance of timely filing of motions and appeals to prevent judgment from becoming final and unappealable.
2. ****Authority of the CIR:**** Reinforcement of the statutory requirement for explicit approval

from the Commissioner of Internal Revenue for prosecuting tax violations.

3. **Negligence of Counsel:** The principle that the negligence of a counsel (including procedural missteps) binds the client.

- **Sec. 220, NIRC:** CIR's authority for criminal actions.
- **Sec. 221, NIRC:** Requirement for CIR's written approval.

Historical Background:

- The case highlights the procedural rigor in tax enforcement and litigation within the Philippine judicial system, focusing on the intricate requirements and roles of tax authorities and prosecutors established to maintain transparency and accountability in tax collection and prosecution. The specific statutory mandates highlight the bureaucratic checks meant to avoid arbitrary prosecution and ensure centralized control. The case elicits broader implications for government agencies' compliance and procedural fidelity, emphasizing the judiciary's role in maintaining these checks.