

****Title:** Commissioner of Internal Revenue vs. Citysuper, Inc. (G.R. No. 239831)**

****Facts:****

1. On April 1, 2013, the Commissioner of Internal Revenue (CIR) issued a Letter of Authority to examine Citysuper Inc.'s books for the taxable year 2011.
2. On April 1, 2015, CIR issued a Preliminary Assessment Notice to Citysuper for multiple tax deficiencies totaling PHP 2,083,016,072.43.
3. On April 24, 2015, Citysuper received the Formal Letter of Demand and the corresponding Assessment Notices.
4. On April 29, 2015, Citysuper responded with a letter indicating they were compiling additional documentation to support their protest.
5. On August 13, 2015, Citysuper filed a Petition for Review before the Court of Tax Appeals (CTA), seeking to cancel the Formal Letter of Demand.
6. Citysuper raised the issue of prescription in an Urgent Motion filed on February 29, 2016.
7. During the proceedings, Citysuper claimed that their Secretary's Certificate indicated that Conchita V. Lee was not authorized to sign a Waiver of the Defense of Prescription.
8. The revenue officer, Rosario A. Arriola, testified that Lee executed a Waiver on July 10, 2014, which extended the assessment period to December 31, 2015. However, her authorization to execute the Waiver was contested.
9. The CTA partially canceled the assessment notices for deficiency income tax, VAT, withholding tax on compensation, and expanded withholding tax on December 15, 2017, citing that the Waiver was not valid due to Lee's lack of authorization.
10. The CTA's ruling was challenged by the CIR, arguing the court had no jurisdiction since Citysuper did not file a valid protest, making the tax assessments final and executory.

****Issues:****

1. Whether the CIR availed the correct remedy by filing a Petition for Certiorari.
2. Whether the CTA gravely abused its discretion in invoking estoppel by laches to bar the CIR from questioning its jurisdiction.
3. Whether the CTA gravely abused its discretion in refusing to admit the authorization letter for Lee.

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

1. ****Correct Remedy:****

- The Supreme Court (SC) held that the CIR correctly filed the Petition for Certiorari since the CTA's decisions were interlocutory. Thus, a Rule 65 petition was appropriate.

2. **Estoppel by Laches:**

- The SC found that the CTA incorrectly applied the doctrine of estoppel by laches. The general rule is that jurisdiction over the subject matter can be questioned at any stage, including appeal, unless extraordinary circumstances, similar to those in *Tijam v. Sibonghanoy*, exist.
- The SC ruled that the CIR had raised the jurisdiction issue as an affirmative defense early in the proceedings and had not delayed unreasonably, making the doctrine of estoppel inapplicable in this case.

3. **Authorization Letter:**

- Since the SC ruled the CTA had no jurisdiction to begin with, it did not delve into whether the CTA gravely abused its discretion by excluding Lee's authorization letter as evidence. Such consideration was rendered moot by the lack of jurisdiction ruling.

Doctrine:

- The SC reiterated that a taxpayer must file a valid administrative protest against an assessment in compliance with specific regulations. Without such compliance, the assessment becomes final, executory, and demandable, precluding CTA's jurisdiction.
- The SC maintained that issues of subject-matter jurisdiction can typically be raised at any stage, and estoppel by laches as seen in *Tijam v. Sibonghanoy* remains an exception, not the rule.

Class Notes:

- **Key Concepts:**
- **Finality of Tax Assessments:** Tax assessments become final if not contested following the specified regulatory framework.
- **Jurisdiction of the CTA:** The CTA can only review decisions on protested assessments, not assessments themselves.
- **Estoppel by Laches:** Bar to raise jurisdictional issues late in proceedings only under extraordinary circumstances, primarily when jurisdictional issues remain unaddressed for an unreasonable length of time.
- **Legal Statutes/Provisions:**
- **NIRC Section 228:** Outlines requirements for valid protests to tax assessments.
- **Revenue Regulations No. 18-2013:** Implements NIRC section 228 by detailing protest requirements.
- **Revenue Memorandum Order No. 20-90 & Revenue Delegation Authority Order No.**

05-01:** Provide guidelines on waivers of prescription defense.

****Historical Background:****

- This case underscores the procedural rigors in tax assessments and the importance of timely and correctly filed protests under Philippine tax law. It highlights the intersect of administrative processes and judicial review, emphasizing the doctrine that finality in administrative determinations significantly limits later judicial appeal capacities, ensuring administrative efficiency and finality in tax assessments.