



REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC RESOLUTION NO. 7-2021

WHEREAS, Section IX (A) of Supreme Court *En Banc* Resolution dated January 18, 2011 in A.M. No. 11-1-5-SC-PHILJA (Re: Interim Guidelines for Implementing Mediation in the Court of Tax Appeals), as amended by Supreme Court *En Banc* Resolution dated September 17, 2019, provides:

- "IX. Disposition of the Case
- A. Where parties agree to a compromise

Where the parties agree to a compromise, **the Mediator shall immediately ask the parties or their duly authorized representatives to prepare a compromise agreement (FORM NO. 4)**. Said compromise agreement shall be signed by the private parties or their duly authorized representatives and by the Commissioner of the BIR or the BOC and the Secretary of Finance, as the case may be.

The PMC-CTA shall transmit to the Court the Mediator's Report and the signed compromise agreement within thirty (30) days from the termination of the mediation proceedings. Upon approval thereof, the Court shall render judgment based on the compromise agreement. In case of partial compromise, the Court shall continue further proceedings as to the matter not compromised.

In both cases, the compromise agreement shall be subject to the limitations under Section 204 of the 1997 NIRC and Section 2316 of the TCCP." (Boldfacing supplied)

WHEREAS, Section 204 (A) of the National Internal Revenue Code (NIRC) of 1997, as amended, states:

"SECTION 204. Authority of the Commissioner to Compromise, Abate and Refund or Credit Taxes. — The Commissioner may —

- (A) Compromise the payment of any internal revenue tax, when:
- (1) A reasonable doubt as to the validity of the claim against the taxpayer exists; or
 - (2) The financial position of the taxpayer demonstrates a clear inability to pay the assessed tax.

The compromise settlement of any tax liability shall be subject to the following minimum amounts:

For cases of financial incapacity, a minimum compromise rate equivalent to ten percent (10%) of the basic assessed tax; and

For other cases, a minimum compromise rate equivalent to forty percent (40%) of the basic assessed tax.

Where the basic tax involved exceeds One million pesos (P1,000,000) or where the settlement offered is less than the prescribed minimum rates, the compromise shall be subject to the approval of the Evaluation Board which shall be composed of the Commissioner and the four (4) Deputy Commissioners." (Boldfacing supplied)

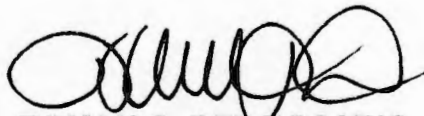
WHEREAS, to prevent delay in the rendition of judgment based on compromise agreement and to comply with the requirement that the compromise agreement shall be subject to the limitations under Section 204 of the NIRC of 1997, as amended, it is imperative that, in addition to the compromise agreement, the parties shall also submit the Certificate of Availment confirming that the compromise agreement was approved by the Evaluation Board of the Bureau of Internal Revenue.

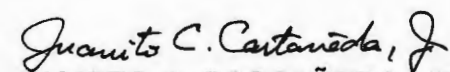
NOW THEREFORE, for and in consideration of the foregoing premises, the Court *En Banc* hereby **RESOLVES** as it is hereby **RESOLVED** to:


1. **REQUIRE** parties who agree to a compromise agreement *involving any internal revenue tax*, to submit the following documents to the Philippine Mediation Center - Court of Tax Appeals (PMC-CTA):
 - (i) Compromise Agreement signed by the taxpayer / private parties or their duly authorized representatives and by the Commissioner of Internal Revenue;
 - (ii) Authority of the taxpayer / private parties' duly authorized representatives to sign the Compromise Agreement;
 - (iii) BIR Payment Form No. 0605 and proof of payment of the compromise amount; and,
 - (iv) Certificate of Availment confirming that the compromise agreement was approved by the Evaluation Board of the Bureau of Internal Revenue as required under Section 204 (A) of the NIRC of 1997, as amended.
2. **DIRECT** the PMC-CTA to transmit to the Court the Mediator's Report and all the aforesated documents within **thirty (30) days** from the termination of the mediation proceedings.

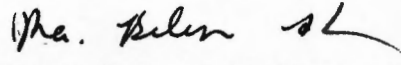
Let a copy of this Resolution be posted on the Court of Tax Appeal's website and on all bulletin boards outside the court rooms.

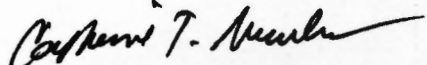
June 22, 2021.

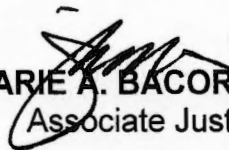

ROMAN G. DEL ROSARIO
Presiding Justice

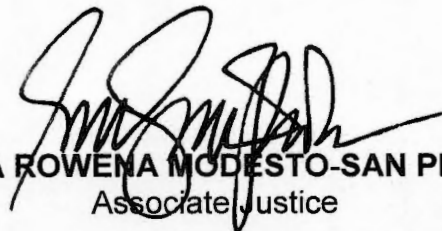

JUANITO C. CASTAÑEDA, JR.
Associate Justice


ERLINDA P. UY
Associate Justice


MA. BELEN M. RINGPIS-LIBAN
Associate Justice


CATHERINE T. MANAHAN
Associate Justice


JEAN MARIE A. BACORRO-VILLENA
Associate Justice


MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice