

THE NEW COURT OF TAX APPEALS (RA. 9282)

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Created under Republic Act 1125 on June 16, 1954, the Court of Tax Appeals (CTA) is a highly specialized body that reviews cases in taxation. The proceedings herein are judicial in nature, although they are not bound by the technical rules of evidence.

Fifty years after its inception, the dynamism of government, as well as its expanding objectives, accordingly added new dimensions to the concept of taxation. Since then, the Court of Tax Appeals has adjudicated tax cases with varying degrees of complexity and intricacy. In light of the many changes that govern the adjudication of these cases, both in substance and in procedure, Congress enacted a legislation that basically expanded the jurisdiction of this Court

In effect, R.A. 9282 enlarged the membership of the Court of Tax Appeals and elevated its rank to the level of a collegiate court with special jurisdiction.

SALIENT FEATURES OF R.A. 9282

EXPANDED JURISDICTION OF THE CTA

1. Exclusive original jurisdiction over criminal cases arising from violations of the National Internal Revenue Code (NIRC) or the Tariff and Customs Code and other laws administered by the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC) where the principal amount of taxes and penalties involved is P1 million or more and appellate jurisdiction in lieu of the Court of Appeals over decisions of the Regional

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- Trial Court (RTC) where the amount is less than PI million;*
2. *Exclusive original jurisdiction over tax collection cases where the principal amount of taxes and penalties involved is PI million or more and the appellate jurisdiction over decisions of the Regional Trial Court where the amount is less than PI million;*
 3. *Appellate jurisdiction over decisions of the Regional Trial Courts in local tax cases; and*
 4. *Appellate jurisdiction over decisions of the Central Board of Assessment Appeals over cases involving the assessment of taxation of real property.*

COMPOSITION

To complement its expanded jurisdiction, the CTA's membership is increased from one division of three Judges comprised of the Presiding Judge and Associate Judges to two divisions of six Justices, composed of a Presiding Justice and five Associate Justices. The law has expanded the organization and, most importantly, its level is raised to that of the Court of Appeals.

ASSUMPTION TO OFFICE

Corollary to the reorganization of the CTA is a provision providing for the automatic assumption of the incumbent Presiding Judge and Associate Judges to the positions of Presiding Justice and Associate Justices, respectively, without the need for new appointments.

JURISDICTION OVER BOTH CIVIL AND CRIMINAL ASPECTS

The vesting of jurisdiction over both the civil and criminal aspects of a tax case in one court will likewise effectively enhance and maximize the development of jurisprudence and judicial precedence on tax matters, which is of vital importance to revenue administration. The concentration of tax cases in one court will enhance the disposition of these cases since it will take them out of the jurisdiction of regular courts which, admittedly, do not have the expertise in the field of taxation.

OUTLINE OF JURISDICTION (Section 7, R.A. 9282)**I. Exclusive Appellate Jurisdiction to review by appeal -**

- (1) **Decisions of the Commissioner of Internal Revenue** in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or other matters arising under the NIRC or other laws administered by the BIR (via a petition for review under Rule 42).
- (2) **Inaction by the Commissioner of Internal Revenue** in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or other matters arising under the NIRC or other laws administered by the BIR, where the NIRC provides a specific period for action, in which case the inaction shall be deemed a denial (via a petition for review under Rule 42).
- (3) **Decisions, orders or resolutions of the RTC** in local tax cases originally decided or resolved by them in the exercise of their original or appellate jurisdiction (via a petition for review under Rule 43).
- (4) **Decisions of the Commissioner of Customs** in cases involving liability of customs duties, fees or other money charges, seizure, detention or release of property affected, fines, forfeitures or other penalties in relation thereto, or other matters arising under the Customs Law or other laws administered by the Bureau of Customs (via a petition for review under Rule 42).
- (5) **Decisions of the Central Board of Assessment Appeals** in the exercise of its appellate jurisdiction over cases involving the assessment and taxation of real property originally decided by the Provincial or City Board of Assessment Appeals (via a petition for review under Rule 43).
- (6) **Decisions of the Secretary of Finance** in customs cases elevated to them automatically for review from decisions of the Commissioner of Customs which are adverse to the government under Section 2315 of the Tariff and Customs Code (via a petition for review under Rule 42).

- (7) *Decisions of the Secretary of Trade and Industry* in cases of non-agricultural product, commodity or article, and *the Secretary of Agriculture* in cases of agricultural product, commodity or article involving dumping and countervailing duties under Sections 301 and 302 of the Tariff and Customs Code, respectively, and safeguard measures under RA. 8808, where either party may appeal the decision to impose or not to impose said duties (*via a petition for review under Rule 42*).

II. Criminal and Civil Cases

The criminal action and the corresponding civil action for the recovery of civil liability for taxes and penalties shall at all time be simultaneously instituted with and jointly determined in the proceeding before the CTA. The filing of the criminal action being deemed to necessarily carry with it the filing of the civil action, no right to reserve the filing of such civil action separately from the criminal action will be recognized.

- (1) Exclusive **ORIGINAL** jurisdiction of:
- a.) *violations of the NIRC, Tariff and Customs Code and Other laws* administered by the BIR or the BOC, where the principal amount of taxes and fees, exclusive of charges and penalties claimed, is *one million pesos and above*.
 - b.) *tax collection cases involving final and executory assessments* for taxes, fees, charges and penalties where the principal amount of taxes and fees claimed, exclusive of charges and penalties, is *one million pesos and above*.
- (2) Exclusive **APPELLATE** jurisdiction of:
- a.) *violations of the NIRC, Tariff and Customs Code and Other laws* administered by the BIR and the BOC originally decided by the regular court where the principal amount of taxes and fees is less than *one million pesos or no specified amount is claimed*.
 - b.) *judgments, resolutions or orders of the R TC* in tax cases originally decided by them.
 - c.) *judgments, resolutions or orders of the RTC* in the exercise of their appellate jurisdiction over tax cases

originally decided by the Metropolitan Trial Court (MeTC), Municipal Trial Court (MTC), and Municipal Circuit Trial Court (MCTC) via a petition for review.

d.) tax collection cases:

i. from judgments, resolutions or orders of the RTC originally decided by them, via an appeal.

ii. from judgments, resolutions or orders in the exercise of its appellate jurisdiction in tax collection cases originally decided by the MeTC, MTC, and MCTC, via a petition for review.

APPEALS

Another significant feature of R.A. 9282 is that decisions of the Court of Tax Appeals are no longer appealable to the Court of Appeals. Under the modified appeal procedure, the decision of a division of the CTA may be appealed to the CTA en bane. The decision of the CTA en bane may in turn be directly appealed to the Supreme Court only on a question of law. This is expected to facilitate court proceedings in tax cases since the CTA has the necessary expertise in tax matters. In addition, there will be less divisive rulings on tax matters since the appeal shall be made only to the CTA en bane instead of the Court of Appeals, with its many divisions

Who may appeal?

Any party adversely affected by a decision, ruling or inaction of the Commissioner of Internal Revenue, the Commissioner of Customs, the Secretary of Finance, the Secretary of Trade and Industry, the Secretary of Agriculture, or the Regional Trial Court, may file an appeal with the CTA:

(a.) within thirty (30) days after receipt of such decision or ruling;

OR

(b.) after the expiration of the period fixed by law for action referred to in Section 7 (a)(2) of RA. 9282, in which case the inaction shall be deemed a denial.

What are the modes of appeal?

- (1.) Appeal may be made by filing a petition for review before the CTA under a procedure analogous to that provided for under Rule 42 of the 1997 Rules of Civil Procedure, within 30 days from the receipt of the decision or ruling or from the expiration of the period fixed by law for the official concerned to act in cases of inaction. A division of the CTA shall hear the appeal.

All other cases involving rulings, orders, or decisions filed with the CTA as provided for in Section 7 of RJV. 9282 shall be raffled to its divisions. A party adversely affected by a ruling, order, or decision of a division of the CTA may file a motion for reconsideration or new trial before the same division.

- (2.) Appeals with respect to decisions or rulings of the Central Board of Assessment Appeals and the Regional Trial Court in the exercise of its appellate jurisdiction, may be made by filing a petition for review under a procedure analogous to that provided for under Rule 43 of the 1997 Rules of Civil Procedure with the CTA, which shall hear the case *en bane*.

A party adversely affected by a resolution of a division of the CTA on a motion for reconsideration or new trial may file a petition for review with the CTA *en bane*.

- (3.) A Petition for Review on Certiorari may be filed by a party adversely affected by a decision or ruling of the CTA *en bane*, through a verified petition before the Supreme Court, pursuant to Rule 45 of the 1997 Rules of Civil Procedure.

When shall distraint of personal property/levy on real property issue?

Upon the issuance of any ruling, order, or decision by the CTA favorable to the national government, the CTA shall issue an order authorizing the BIR, through the Commissioner of Internal Revenue, to seize and distraint any goods, chattels, or effects, and personal property including stocks and other securities, debts, credits, bank accounts, and interests in and rights to personal property and/or levy the real property of such persons in sufficient quantity to satisfy the tax or charge, together with any increment thereto incident to delinquency. This remedy shall not be exclusive and shall not preclude the CTA from availing of other means under the Rules of Court.

Appeal to the CTA shall not suspend the payment, levy, distraint, and sale of taxpayer's property

No appeal taken to the CTA from the decision of the Commissioner of Internal Revenue or the Commissioner of Customs or the RTC, Provincial, City or Municipal Treasurer or the Secretary of Finance, the Secretary of Trade and Industry, or the Secretary of Agriculture, as the case may be, shall suspend the payment, levy, distraint and/or sale of any property of the taxpayer for the satisfaction of his tax liability as provided by existing law. When in the opinion of the CTA, the collection of the aforementioned government agencies may jeopardize the interest of the government and/or the taxpayer, it may, at any stage of the proceeding, suspend the said collection and require the taxpayer either to deposit the amount claimed or to file a surety bond with the court for not more than double the amount