

FIRST DIVISION

[G.R. NO. 166273, September 21, 2005]

**METRO RAIL TRANSIT CORPORATION, PETITIONER, VS. COURT
OF TAX APPEALS AND COMMISSIONER OF INTERNAL REVENUE,
RESPONDENTS.**

D E C I S I O N

YNARES-SANTIAGO, J.:

This petition for certiorari^[1] under Rule 65 of the Revised Rules of Civil Procedure assails the August 2, 2004 resolution^[2] of the Court of Tax Appeals (CTA) in C.T.A. Case No. 6719, which declared petitioner Metro Rail Transit Corporation (MRT) to have waived its right to present evidence; as well as its October 18, 2004 resolution^[3] denying MRT's motion for reconsideration.

The antecedent facts show that on July 4, 2003, MRT filed a petition for review^[4] with the CTA questioning the Formal Assessment Notices issued by the Commissioner of the Bureau of Internal Revenue (BIR) directing the former to pay P595,904,278.01 representing deficiency in expanded withholding tax and value added tax for the taxable years 1995-1997.

At the pre-trial, the parties entered into a stipulation of facts and issues,^[5] which was approved by the CTA on November 12, 2003.^[6] After the presentation of its first witness, MRT requested for the resetting of the hearing on March 23, 2004.^[7]

However, on March 22, 2004, MRT filed an Urgent Motion for Postponement^[8] because it is still in the process of gathering the documents necessary to support its case. The March 23, 2004 hearing was thus moved to May 11, 2004.^[9] On May 7, 2004, however, MRT filed an Urgent Motion for Postponement to allow its new counsel to study the records which are yet to be turned over by its former lawyer.^[10] Said new and old counsels entered and withdrew their appearance, respectively, on June 11, 2004.^[11] The hearing was rescheduled to June 15, 2004 but was again moved, upon motion of MRT, to July 27, 2004, "with a final warning"^[12] to present evidence.

On July 27, 2004, MRT requested for another resetting of the hearing in view of the possibility of a compromise agreement with the BIR, but was denied by the CTA.^[13] In a resolution dated August 2, 2004, the CTA declared MRT to have lost its right to present evidence, thus –

Confirming the order given in open court on 27 July 2004, the Court declared petitioner's counsel to have WAIVED his right to present evidence in view of a previous warning given to him for failure to present

his case.

Accordingly, case was ordered reset on September 8, 2004 at 9:00 A.M. for the presentation of respondent's evidence.

SO ORDERED.^[14]

MRT filed a motion for reconsideration but was denied by the CTA in its October 18, 2004 resolution holding that the petitioner clearly lacks interest to prosecute its case. The dispositive portion thereof, reads –

WHEREFORE, this court hereby RESOLVES TO DENY petitioner's Motion for Reconsideration with finality for lack of merit. Accordingly, the Resolution of this court promulgated on August 2, 2004, confirming its bench Order given on July 27, 2004 STAYS.

SO ORDERED.^[15]

MRT filed another Motion for Reconsideration which it, however, withdrew on December 22, 2004.^[16]

On December 23, 2004, MRT filed the instant petition contending that the CTA gravely abused its discretion in issuing the assailed resolutions.

The petition is meritorious.

It is the policy of the Court to afford party-litigants the amplest opportunity to enable them to have their cases justly determined, free from the constraints of technicalities. Since rules of procedure are mere tools designed to facilitate the attainment of justice, it is well recognized that this Court is empowered to suspend its operation, or except a particular case from its operation, when the rigid application thereof tends to frustrate rather than promote the ends of justice. Oft-cited is the rule that it is a far better and more prudent course of action for a court to excuse a technical lapse and afford the parties a review of the case on the merits to attain the ends of justice rather than dispose of the case on technicality and cause a grave injustice to the parties, giving a false impression of speedy disposal of cases while actually resulting in more delay, if not a miscarriage of justice.^[17]

In the present case, MRT's failure to continue with the presentation of its evidence on July 27, 2004 does not evince an intent to delay the proceedings nor of lack of interest to prosecute the case. It should be noted that the new counsel of MRT entered his appearance only on June 11, 2004. The previous two postponements of the scheduled hearings on March 23, 2004 and May 11, 2004, could not thus be attributed to said new counsel. As explained by MRT, the first postponement was necessitated to prepare the documents that would support its defense, while the second, was to await the turn over of all the pleadings and documents from its former counsel to its newly appointed lawyer.

Moreover, the subsequent requests of MRT to reset the June 15, 2004 and July 27, 2004 hearings, to enable it to enter into a compromise settlement with the BIR cannot be considered as capricious or a mockery of the proceedings simply because a formal offer of compromise is yet to be filed with the BIR. Prudence and