

SECOND DIVISION

[G.R. NO. 147749, June 22, 2006]

**SAN PABLO MANUFACTURING CORPORATION, PETITIONER, VS.
COMMISSIONER OF INTERNAL REVENUE, [*] RESPONDENT.**

D E C I S I O N

CORONA, J.:

In this petition for review under Rule 45 of the Rules of Court, San Pablo Manufacturing Corporation (SPMC) assails the July 19, 2000^[1] and April 3, 2001 resolutions of the Court of Appeals in CA-G.R. SP No. 59139.

SPMC is a domestic corporation engaged in the business of milling, manufacturing and exporting of coconut oil and other allied products. It was assessed and ordered to pay by the Commissioner of Internal Revenue the total amount of P8,182,182.85^[2] representing deficiency miller's tax and manufacturer's sales tax, ^[3] among other deficiency taxes,^[4] for taxable year 1987. The deficiency miller's tax was imposed on SPMC's sales of crude oil to United Coconut Chemicals, Inc. (UNICHEM) while the deficiency sales tax was applied on its sales of corn and edible oil as manufactured products.

SPMC opposed the assessments but the Commissioner denied its protest. SPMC appealed the denial of its protest to the Court of Tax Appeals (CTA) by way of a petition for review docketed as CTA Case No. 5423.

In its March 10, 2000 decision, the CTA cancelled SPMC's liability for deficiency manufacturer's tax on the sales of corn and edible oils but upheld the Commissioner's assessment for the deficiency miller's tax. SPMC moved for the partial reconsideration of the CTA affirmation of the miller's tax assessment but it was denied.

SPMC elevated the case to the Court of Appeals via a petition for review of the CTA decision insofar as it upheld the deficiency miller's tax assessment. In its July 19, 2000 resolution, the appellate court dismissed the petition on the principal ground^[5] that the verification attached to it was signed merely by SPMC's chief financial officer [±] without the corporate secretary's certificate, board resolution or power of attorney authorizing him to sign the verification and certification against forum shopping. SPMC sought a reconsideration of the resolution but the same was denied. Hence, this petition.

Did the Court of Appeals err when it dismissed SPMC's appeal?

SPMC contends that its appeal should have been given due course since it substantially complied with the requirements on verification and certification against

forum shopping. It insists on the liberal application of the rules because, on the merits of the petition, SPMC was not liable for the 3% miller's tax. It maintains that the crude oil which it sold to UNICHEM was actually exported by UNICHEM as an ingredient of fatty acid and glycerine, hence, not subject to miller's tax pursuant to Section 168 of the 1987 Tax Code.

For SPMC, Section 168 of the 1987 Tax Code contemplates two exemptions from the miller's tax: (a) the milled products in their original state were actually exported by the miller himself or by another person, and (b) the milled products sold by the miller were actually exported as an ingredient or part of any manufactured article by the buyer or manufacturer of the milled products. The exportation may be effected by the miller himself or by the buyer or manufacturer of the milled products. Since UNICHEM, the buyer of SPMC's milled products, subsequently exported said products, SPMC should be exempted from the miller's tax.

The petition must fail.

Under Rule 43, Section 5 of the Rules of Court, appeals from the CTA and quasi-judicial agencies to the Court of Appeals should be verified. A pleading required to be verified which lacks proper verification shall be treated as an unsigned pleading.^[6]

Moreover, a petition for review under Rule 43 requires a sworn certification against forum shopping.^[7] Failure of the petitioner to comply with any of the requirements of a petition for review is sufficient ground for the dismissal of the petition.^[8]

A corporation may exercise the powers expressly conferred upon it by the Corporation Code and those that are implied by or are incidental to its existence through its board of directors and/or duly authorized officers and agents.^[9] Hence, physical acts, like the signing of documents, can be performed only by natural persons duly authorized for the purpose by corporate by-laws or by specific act of the board of directors.^[10] In the absence of authority from the board of directors, no person, not even the officers of the corporation, can bind the corporation.^[11]

SPMC's petition in the Court of Appeals did not indicate that the person who signed the verification/certification on non-forum shopping was authorized to do so. SPMC merely relied on the alleged inherent power of its chief financial officer to represent SPMC in all matters regarding the finances of the corporation including, among others, the filing of suits to defend or protect it from assessments and to recover erroneously paid taxes. SPMC even admitted that no power of attorney, secretary's certificate or board resolution to prove the affiant's authority was attached to the petition. Thus, the petition was not properly verified. Since the petition lacked proper verification, it was to be treated as an unsigned pleading subject to dismissal.^[12]

In *PET Plans, Inc. v. Court of Appeals*,^[13] the Court upheld the dismissal by the Court of Appeals of the petition on the ground that the verification and certification against forum shopping was signed by PET Plans, Inc.'s first vice-president for legal affairs/corporate secretary without any certification that he was authorized to sign in behalf of the corporation.

In *BPI Leasing Corporation v. Court of Appeals*,^[14] the Court ruled that the petition should be dismissed outright on the ground that the verification/certification against forum shopping was signed by BPI Leasing Corporation's counsel with no specific authority to do so. Since the counsel was purportedly acting for the corporation, he needed a resolution issued by the board of directors that specifically authorized him to institute the petition and execute the certification. Only then would his actions be legally binding on the corporation.^[15]

In this case, therefore, the appellate court did not commit an error when it dismissed the petition on the ground that it was signed by a person who had not been issued any authority by the board of directors to represent the corporation.

Neither can the Court subscribe to SPMC's claim of substantial compliance or to its plea for a liberal application of the rules. Save for the most persuasive of reasons, strict compliance with procedural rules is enjoined to facilitate the orderly administration of justice.^[16] Substantial compliance will not suffice in a matter involving strict observance such as the requirement on non-forum shopping,^[17] as well as verification. Utter disregard of the rules cannot justly be rationalized by harping on the policy of liberal construction.^[18]

But even if the fatal procedural infirmity were to be disregarded, the petition must still fail for lack of merit.

As the CTA correctly ruled, SPMC's sale of crude coconut oil to UNICHEM was subject to the 3% miller's tax. Section 168 of the 1987 Tax Code provided:

Sec. 168. Percentage tax upon proprietors or operators of rope factories, sugar central mills, coconut oil mills, palm oil mills, cassava mills and desiccated coconut factories. Proprietors or operators of rope factories, sugar central and mills, coconut oil mills, palm oil mills, cassava mills and desiccated coconut factories, shall pay a tax equivalent to three percent (3%) of the gross value in money of all the rope, sugar, coconut oil, palm oil, cassava flour or starch, dessicated coconut, manufactured, processed or milled by them, including the by-product of the raw materials from which said articles are produced, processed or manufactured, such tax to be based on the actual selling price or market value of these articles at the time they leave the factory or mill warehouse: **Provided, however, That this tax shall not apply to rope, coconut oil, palm oil and the by-product of copra from which it is produced or manufactured and dessicated coconut, if such rope, coconut oil, palm oil, copra by-products and dessicated coconuts, shall be removed for exportation by the proprietor or operator of the factory or the miller himself, and are actually exported without returning to the Philippines, whether in their original state or as an ingredient or part of any manufactured article or products:** Provided further, That where the planter or the owner of the raw materials is the exporter of the aforementioned milled or manufactured products, he shall be entitled to a tax credit of the miller's taxes withheld by the proprietor or operator of the factory or mill, corresponding to the quantity exported, which may be used against any internal revenue tax directly due from him: and