



Republic of the Philippines
SANGGUNIANG PANLUNGSOD
City Government of Pasig

Resolution No. 7
Series of 2022

A RESOLUTION GRANTING AUTHORITY TO THE HONORABLE CITY MAYOR VICTOR MA. REGIS N. SOTTO TO ENTER INTO AND SIGN, FOR AND ON BEHALF OF THE CITY GOVERNMENT OF PASIG, A COMPROMISE AGREEMENT AND A JOINT MOTION TO DISMISS, WITH THE AEON CREDIT SERVICE PHILIPPINES, INC., RELATIVE TO THE SETTLEMENT OF CIVIL CASE NO. 20-00399 FILED BY THE AEON CREDIT SERVICE PHILIPPINES, INC., AGAINST THE CITY GOVERNMENT OF PASIG.

Authored by:

Councilors Gregorio P. Rupisan Jr., Syvel C. Asilo, Ferdinand A. Avis, Regino S. Balderrama, Rhichie Gerard T. Brown, Orlando R. Benito, Mario C. Concepcion, Jr., Rosalio D. Martires, Corazon M. Raymundo, Reynaldo R. San Buenaventura III, Editha C. Santiago, Wilfredo F. Sityar, LIGA Pres. Rigor J. Enriquez and SK Fed. President Georgia Lynne P. Clemente

WHEREAS, pending before the Regional Trial Court Br. 71, Pasig City, is the case entitled AEON CREDIT SERVICE PHILIPPINES, INC. vs. PASIG CITY and the OFFICE OF THE CITY TREASURER OF PASIG CITY, docketed as Civil Case No. 20-00399;

WHEREAS, in the said case, AEON CREDIT PHILIPPINES, INC. is seeking for the refund of or issuance of a Tax Credit Certificate (TCC) for an amount of One Million Two Hundred Forty Seven (PHP 1,247,764.64);

WHEREAS, in its Petition, the AEON CREDIT SERVICE PHILIPPINES, INC. alleged that the Office of the City Treasurer of Pasig City erroneously assessed deficiency taxes against it as the latter based its assessment on the company's gross revenue instead of gross receipts. On the other hand, the City's claim is that the company, at the time of its request for computation, failed to provide the City Government the necessary documents to make an accurate assessment and identification of the taxes;

WHEREAS, after submitting the documents by the AEON CREDIT SERVICE PHILIPPINES INC.; which is necessary for making an accurate assessment, the City through the Office of the City Treasurer, re-computed and made its determination that an amount of Php 922,589.64 was over paid by AEON and that it is only proper to issue a Tax Credit in Aeon's favour;

WHEREAS, for the proper disposal of the abovementioned case, the City Government of Pasig and the AEON CREDIT SERVICE PHILIPPINES, INC., had come to an agreement that a tax credit in the amount of Php 922,589.64 be issued in favour of AEON CREDIT SERVICE PHILIPPINES, INC.,



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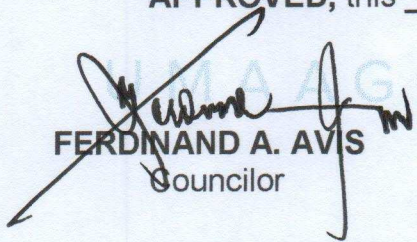
A RESOLUTION GRANTING AUTHORITY TO THE HONORABLE CITY MAYOR VICTOR MA. REGIS N. SOTTO TO ENTER INTO AND SIGN, FOR AND ON BEHALF OF THE CITY GOVERNMENT OF PASIG, A COMPROMISE AGREEMENT AND A JOINT MOTION TO DISMISS, WITH THE AEON CREDIT SERVICE PHILIPPINES, INC., RELATIVE TO THE SETTLEMENT OF CIVIL CASE NO. 20-00399 FILED BY THE AEON CREDIT SERVICE PHILIPPINES, INC., AGAINST THE CITY GOVERNMENT OF PASIG.


WHEREAS, the consequent dismissal of the pending case against the City Government of Pasig is now order considering the issuance of Tax Credit in the amount Php 922,589.64 in favour of AEON CREDIT SERVICE PHILIPPINES, INC.

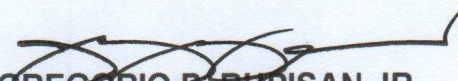
NOW, THEREFORE, on motion duly seconded, the Sangguniang Panlungsod resolves, as it is hereby resolved, to authorize the Office of the City Treasurer for the issuance of Tax Credit in the amount of Php 922,589.64 and authorize the Honorable City Mayor Victor Ma. Regis N. Sotto for the execution and signing of a Compromise Agreement and the consequent filing of a Joint Motion to Dismiss, copies of which are hereto attached as Annexes "A" and "B", respectively, and made integral part of this Resolution.

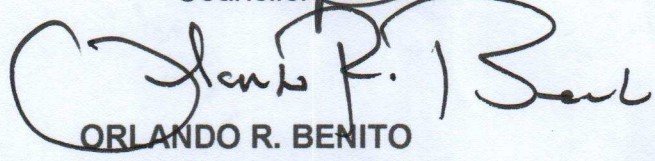
RESOLVED, FURTHER, to authorize the Office of the City Legal to sign the said Compromise Agreement and Joint Motion to Dismiss and submit the same to the appropriate Honorable Court.


APPROVED, this 27th day of **January 2022** at Pasig City.

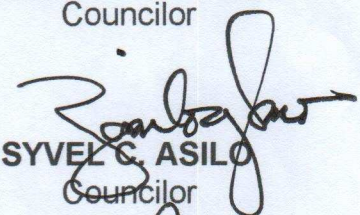

FERDINAND A. AVIS
Councilor

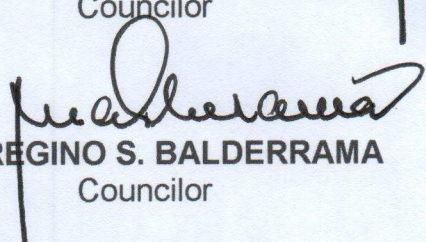

MARIO C. CONCEPCION JR.
Councilor


GREGORIO P. RUPISAN JR.
Councilor


ORLANDO R. BENITO
Councilor


REYNALDO R. SAN BUENAVENTURA III
Councilor


SYVEL C. ASILO
Councilor


REGINO S. BALDERRAMA
Councilor


CORAZON M. RAYMUNDO
Councilor

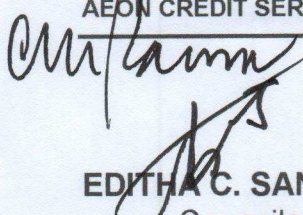


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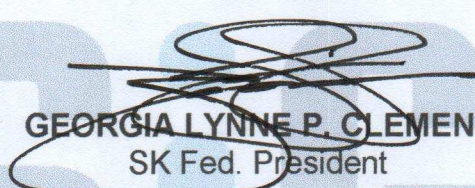
-page 3-

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EDITHA C. SANTIAGO
Councilor


WILFREDO F. SITYAR
Councilor

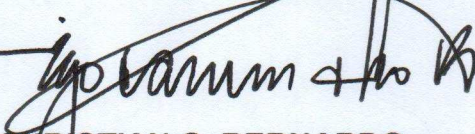

RIGOR J. ENRIQUEZ
LIGA President


GEORGIA LYNNE P. CLEMENTE
SK Fed. President

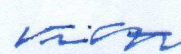

RHICHIE GERARD T. BROWN
Councilor
Minority Floor Leader


ROSALIO D. MARTIRES
Councilor
Majority Floor Leader


Attested by:


IYO CHRISTIAN C. BERNARDO
City Vice-Mayor
Presiding Officer

APPROVED:


VICTOR MA. REGIS N. SOTTO
City Mayor

Attested by:


LOIDA U. VILLANUEVA
Acting City Council Secretary

PASIG

UMAAGOS ANG PAG-ASA

www.pasigcity.gov.ph

A RESOLUTION GRANTING AUTHORITY TO THE HONORABLE CITY MAYOR VICTOR MA. REGIS N. SOTTO TO ENTER INTO AND SIGN, FOR AND ON BEHALF OF THE CITY GOVERNMENT OF PASIG, A COMPROMISE AGREEMENT AND A JOINT MOTION TO DISMISS, WITH THE AEON CREDIT SERVICE PHILIPPINES, INC., RELATIVE TO THE SETTLEMENT OF CIVIL CASE NO. 20-00399 FILED BY THE AEON CREDIT SERVICE PHILIPPINES, INC., AGAINST THE CITY GOVERNMENT OF PASIG.

Authored by: CHAIRMAN OF COMMITTEE ON APPROPRIATIONS

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WHEREAS, in its Petition, the AEON CREDIT SERVICE PHILIPPINES, INC. alleged that the Office of the City Treasurer of Pasig City erroneously assessed deficiency taxes against it as the latter based its assessment on the company's gross revenue instead of gross receipts. On the other hand, the City's claim is that the company, at the time of its request for computation, failed to provide the City Government the necessary documents to make an accurate assessment and identification of the taxes;

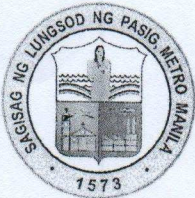
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WHEREAS, for the proper disposal of the abovementioned case, the City Government of Pasig and the AEON CREDIT SERVICE PHILIPPINES, INC., had come to an agreement that a tax credit in the amount of Php 922,589.64 be issued in favour of AEON CREDIT SERVICE PHILIPPINES, INC.,

WHEREAS, the consequent dismissal of the pending case against the City Government of Pasig is now order considering the issuance of Tax Credit in the amount Php 922,589.64 in favour of AEON CREDIT SERVICE PHILIPPINES, INC.

NOW, THEREFORE, on motion duly seconded, the Sangguniang Panlungsod resolves, as it is hereby resolved, to authorize the Office of the City Treasurer for the issuance of Tax Credit in the amount of Php 922,589.64 and authorize the Honorable City Mayor Victor Ma. Regis N. Sotto for the execution and signing of a Compromise Agreement and the consequent filing of a Joint Motion to Dismiss, copies of which are hereto attached as Annexes "A" and "B", respectively, and made integral part of this Resolution.

RESOLVED, FURTHER, to authorize the Office of the City Legal to sign the said Compromise Agreement and Joint Motion to Dismiss and submit the same to the appropriate Honorable Court.



LUNGSOD NG
PASIG
UMAAGOS ANG PAG-ASA

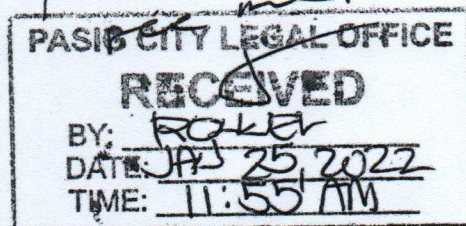
OFFICE OF THE CITY LEGAL OFFICER

5 January 2022

ATTY. JERONIMO U. MANZANERO

City Administrator

8th Floor, Office of the City Administrator,
Pasig City Hall, Pasig City



Dear Atty. Manzanero,

This refers to the case of **AEON CREDIT SERVICE PHILIPPINES, INC. v. CITY OF PASIG, et al.**, pending before Branch 71 Regional Trial Court of Pasig. The said case was instituted by AEON CREDIT SERVICE PHILIPPINES, INC. (Aeon) against the CITY OF PASIG (city) for judicial claim for refund of or issuance of a Tax Credit Certificate (TCC) for an amount of One Million Two Hundred Forty-Seven Thousand Seven Hundred Sixty-Four & 64/100 (PHP1,247,764.64).

In its petition, Aeon alleged that the city erroneously assessed deficiency taxes against it as the city based the assessment on Aeon's gross revenues instead of gross receipts as provided for by law. On the other hand, the city's claim is that Aeon, at the time of its request for computation, failed to provide the city with the necessary documents for the purpose of making an accurate assessment and identification of the taxes.

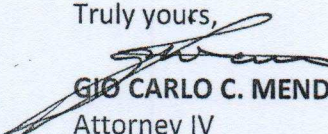
During the presentation of Aeon's evidence, the court appointed an Independent Certified Public Accountant (ICPA) to determine the true and correct amount of taxes. The ICPA recommended before the court a refund or tax credit in the amount of **PHP1,033,409.64**.

The city, thru the Office of the City Treasurer, re-computed and made its determination that an amount of **PHP922,589.69** was overpaid by Aeon and that it is only proper to issue a Tax Credit in Aeon's favor. (Attached is a comment made by our Office of the City Treasurer on the ICPA report)

The undersigned respectfully recommends that the necessary tax credit be issued by the city in order for the proper disposal of the case.

For your guidance and approval.

Truly yours,


GIO CARLO C. MENDOZA

Attorney IV

Office of the City Legal Officer



LUNGSOD NG
PASIG
LUNGSOD ANG PAG-ASA



OFFICE OF THE CITY TREASURER

FOR: Atty. Gio Carlo C. Mendoza, Attorney IV, Legal Office
FROM: Anna Recy B. Malpaya, LTOO IV, Head-Revenue Examination
SUBJECT: Comment on the Report rendered by Ms. Rose Marie S. Nacpil, CPA, in the case of
AEON SERVICE (PHILIPPINES), INC.
DATE: May 21, 2021

As requested per Indorsement dated April 30, 2021, we submit herewith our comments on the report rendered by Ms. Rose Marie S. Nacpil in the case of AEON SERVICE (PHILIPPINES), INC., with judicial claim for refund or issuance of Tax Credit in the amount of One Million Two Hundred Forty-Seven Thousand Seven Hundred Sixty-Four and 64/100 Philippine Pesos (Php1,247,764.64).

As per Ms. Nacpil's determination, the 2016 Total Gross Receipts for Tax computation purposes amount to Php349,895,243.87, as shown below:

| EXHIBIT O | |
|---|-----------------|
| 17. The summary of the results of the procedures performed in items (7) to (14) above is presented below: | |
| Income Components per 2016 AFS | |
| a. Interest Received in CY 2016 | 296,033,051.90 |
| b. Processing Fees Received in CY 2016 | 48,789,046.00 |
| c. Other Income (Penalty & Other Charges) | 25,124,843.81 |
| Total Income for CY 2016 | 359,946,941.71 |
| Less: | |
| i. Income earned by Petitioner in 2015 but collected in 2016 (presented on Exhibit P-8) | - 7,998,966.66 |
| ii. Receivables from Petitioner's third party collection agencies/authorized payment center (PC) which were earned in CY 2015 but which were actually collected in CY 2016 (presented on Exhibit P-9) | - 10,051,697.84 |
| Total Gross Receipts | 349,895,243.87 |

PASIG CITY LEGAL OFFICE

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BY: POWER

DATE: 5-21-2021

TIME: 4:31 pm

In this respect, the total 2016 Cash Collections amounted to Php359,949,941.71. In addition, this Total Cash collected in 2016 were not all earned and recorded as income in 2016. A part of it, amounting to Php10,051,697.84 were earned and recorded as income in 2015. Ms. Nacpil has deducted this amount to arrive at the net amount Php349,895,243.87, representing Total Cash collected in 2016 that were earned and booked as income on the same year.

As per review of documents submitted by the company and from the standpoint of this office, the 2016 Gross Taxable Receipts of the company is Php359,946,941.71. As the company elects and claims to be declaring its Gross Receipts for yearly Tax Accounting Purposes, then the documents representing the company's transactions need to be evaluated using the Cash Accounting Method, where revenue and expenses are recognized when cash is received and paid, regardless of when it is earned or incurred.

This means that even though the company's transactions were recorded in its books and presented in the Financial Statements under the Accrual Method (*where revenues and expenses were recognized in the accounting period in which they are considered earned and incurred, regardless of the inflow or outflow of cash*), the computation for Taxable Gross Receipts does not need to conform or reconcile with the booked income. Doing this will render the 10M portion of the 2016 Cash Collections lost as to the year when it is to be reported as gross receipts, because it will be excluded in both years, when in 2015 it was not yet received/collected, and neither in 2016 because it is not earned on that year.

Thus, our determination of the 2016 Total Cash Collections amounting Php359,949,941.71 as CY 2016 Taxable Gross Receipts, and a Tax Credit of Nine Hundred Twenty Two Thousand Five Hundred Eighty Nine and 69/100 Pesos (Php922,589.69) for the corresponding tax overpayments is hereby submitted. Kindly find attached Statement of Business Tax Credit and comparison of reports for reference.

Hoping you find everything in order.

Anna Recy B. Malpaya
Anna Recy B. Malpaya
Head-Treasury Operations and Review Division

Noted by:

Marita A. Calaja
Marita A. Calaja
City Treasurer

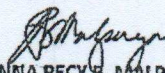
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STATEMENT OF BUSINESS TAX CREDIT
In Philippine Peso

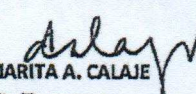
Company Name: AEON CREDIT SERVICE (PHILIPPINES), INC.
Address: UNIT 301, 302, 304 HANSTON SQUARE BLDG., #3, SAN MIGUEL AVE., SAN ANTONIO, PASIG CITY
Business Acct. No.: PM-2013-001273

| | Tax Year | 2017 |
|--|----------|----------------|
| | FS Year | 2016 |
| Deficiency Tax Assessment and Payment per City Records: | | |
| Gross Sales Per Audited FS | | 443,628,545.00 |
| Gross Sales Declared | | 330,452,615.69 |
| Undeclared Gross Sales | | 113,175,929.31 |
| Deficiency Tax Assessed | | |
| Basic | | 792,231.52 |
| Surcharge (25% of Basic) | | 198,057.88 |
| Interest ((Basic + Surcharge)2%x13mos) | | 257,475.24 |
| Total Def. Tax Paid (Per O.R.#3994568 dated 01-31-2018) | | 1,247,764.64 |
| Total Balances per Documents Submitted in Court: | | |
| Gross Receipts per Monthly Summary Cash Income (Exhibit P-7) | | 359,946,941.71 |
| Taxable Gross Receipts | | 359,946,941.71 |
| Gross Sales Declared | | 330,452,615.69 |
| Undeclared Gross Receipts | | 29,494,326.02 |
| Deficiency Tax Due | | |
| Basic | | 206,460.28 |
| Surcharge (25% of Basic) | | 51,615.07 |
| Interest ((Basic + Surcharge)2%x13mos) | | 258,075.35 |
| | | 67,099.59 |
| | | 325,174.94 |
| Less Deficiency Tax Paid | | 1,247,764.64* |
| Total Tax Credit | | (922,589.69) |

Submitted by:


ANNA RECY B. MALPAYA
Head-Revenue Examination

Approved for Tax Credit:


MARITA A. CALAJE
City Treasurer

COMPARISON OF GROSS RECEIPT ASSESSMENTS

In Philippine

Company Name: **AEON CREDIT SERVICE (PHILIPPINES), INC.**
 Address: **UNIT 301, 302, 304 HANSTON SQUARE BLDG., #17, SAN MIGUEL AVE., SAN ANTONIO, PASIG CITY**
 Business Acct. No.: **PM-2013-001273**

| | Tax Year | 2017 | |
|--|----------|----------------|----------------|
| | FS Year | 2016 | |
| | | Pasig CTO | Ms. Nacpil |
| Deficiency Tax Assessment and Payment per City Records: | | | |
| Gross Sales Per Audited FS | | 443,628,545.00 | 443,628,545.00 |
| Gross Sales Declared | | 330,452,615.69 | 330,452,615.69 |
| Undeclared Gross Sales | | 113,175,929.31 | 113,175,929.31 |
| Deficiency Tax Assessed | | | |
| Basic | | 792,231.52 | 792,231.52 |
| Surcharge (25% of Basic) | | 198,057.88 | 198,057.88 |
| Interest (Total Basic and Surcharge x 2% x 13mos) | | 257,475.24 | 257,475.24 |
| Total Def. Tax Paid (Per O.R.#3994568 dated 01-31-2018) | | 1,247,764.64 | 1,247,764.64 |
| Total Balances per Documents Submitted in Court: | | | |
| Gross Receipts per Monthly Summary Cash Income (Exhibit P-7) | | 359,946,941.71 | 359,946,941.71 |
| Less: Income earned in CY 2015 but actually collected in CY 2016 | | | 10,051,697.84 |
| Taxable Gross Receipts | | 359,946,941.71 | 349,895,243.87 |
| Gross Sales Declared | | 330,452,615.69 | 330,452,615.69 |
| Undeclared Gross Receipts | | 29,494,326.02 | 19,442,628.18 |
| Deficiency Tax Due | | | |
| Basic | | 206,460.28 | 136,098.40 |
| Surcharge (25% of Basic) | | 51,615.07 | 34,024.60 |
| Total Basic and Surcharge | | 258,075.35 | 170,123.00 |
| Interest (Total Basic and Surcharge x 2% x 13mos) | | 67,099.59 | 44,231.98 |
| | | 325,174.94 | 214,354.98 |
| Less Deficiency Tax Paid | | 1,247,764.64 | 1,247,764.64 |
| Total Tax Credit | | (922,589.69) | (1,033,409.66) |