

# GRAND PLAZA HOTEL CORPORATION

16 November 2015

**Filed Through EDGE**

Philippine Stock Exchange, Inc.  
4<sup>th</sup> Floor, Philippine Stock Exchange Center  
Exchange Road, Ortigas Center  
Pasig City

Attention: Janet A. Encarnacion  
Head, Disclosure Department

**RE: Grand Plaza Hotel Corporation – Denial of Motion for Reconsideration of the Supreme Court's Resolution dated 11 February 2015 in connection with the case entitled "G.R. No. 204121 (Commissioner of Internal Revenue v. Grand Plaza Hotel Corporation)" ("Tax Case")**

Gentlemen,

Please be informed that on 16 November 2015, Grand Plaza Hotel Corporation ("Corporation") received from its counsel (i.e., Zambrano & Gruba Law Offices) a Notice from the Clerk of Court of the First Division of the Supreme Court ("Notice") stating that on 29 July 2015, the First Division of the Supreme Court resolved to deny the Commissioner of Internal Revenue's ("CIR") Motion for Reconsideration of the Supreme Court's Resolution dated 11 February 2015, which considered the CIR's Petition for Review on Certiorari ("Petition") of the Tax Case closed and terminated.

As disclosed previously by the Corporation, the Tax Case arose from the Bureau of Internal Revenue's ("BIR") Final Decision on Disputed Assessment finding the Corporation liable for deficiency value added tax ("VAT") with respect to the years 1996 to 2002 in total amount of PhP228.94 million, inclusive of penalty and interest from January 2003 to December 2006. The Corporation subsequently filed a petition for review with the Court of Tax Appeal ("CTA") to contest such Final Decision on Disputed Assessment.

The BIR further issued a Warrant of Distraint and/or Levy and Warrant of Garnishment against the Corporation and its assets. On 12 September 2008, the Corporation filed a surety bond with the CTA, and the CTA issued a Temporary Restraining Order enjoining the BIR from further efforts at collection of taxes, particularly the implementation of the Warrant of Distraint and/or Levy and the Warrant of Garnishment.

In 2009, the Corporation moved to have a preliminary hearing conducted to first resolve the legal issue of whether or not the services rendered by the Corporation to PAGCOR is subject to VAT at 10% rate. The CTA granted the motion and hearings were subsequently conducted. On 18 February 2011, the CTA ruled in favor of the Corporation and cancelled the VAT deficiency assessment *in toto*. In line

with the decision of the Supreme Court in *CIR v. Acesite (Philippines) Hotel Corporation*, G.R. no. 147295, 16 February 2007 ("Acesite Case"), the CTA, in its decision dated 18 February 2011, cancelled the BIR's assessment against the Corporation for deficiency VAT in the amount of PhP228,943,589.15 for taxable years 1996 to 2002. In its resolution dated 17 May 2011, the CTA denied the CIR's Motion for Reconsideration of the CTA's decision rendered on 18 February 2011. The CIR shortly filed an appeal with the CTA En Banc.

On 1 September 2011, the CTA En Banc resolved to give course to BIR's appeal. The Corporation filed its Memorandum in October 2011. On 27 July 2012, the CTA En Banc resolved that, consistent with the pronouncement of the Supreme Court in the Acesite Case and the case of *PAGCOR vs. CIR* (G.R. no. 172087, 15 March 2011) that services rendered to PAGCOR are exempt from VAT, the CIR's petition has no leg to stand on and must necessarily fall. The BIR subsequently filed a Motion for Reconsideration.

On 8 October 2012, the CTA En Banc resolved that the CIR's Motion for Reconsideration is denied and the earlier decision of the CTA promulgated on 17 May 2011 is affirmed. On 5 December 2012, the CIR filed the Petition with the Supreme Court.

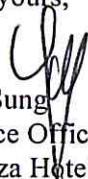
On 6 May 2013, the Corporation filed its Comment/Opposition to the Petition. On 17 October 2013, the Corporation received a notice from the Supreme Court directing the CIR to file a reply (to the Corporation's Comment/Opposition) within 10 days from the CIR's receipt of the notice.

In a notice dated 8 October 2014, the Supreme Court declared the petitioner's (i.e., CIR) Manifestation and Motion dated 11 April 2014 as unsatisfactory compliance with its Resolution dated 28 January 2013, and the Supreme Court further gave a grace period of 5 days for the BIR to comply.

On 16 December 2014, the Corporation filed the Manifestation and Motion to Dismiss the Petition for non-compliance with the jurisdictional requirements, which as stated in the Notice was noted and granted by the Supreme Court in its resolution dated 11 February 2015.

The CIR filed a Motion for Reconsideration dated 4 June 2015 of the Supreme Court's Resolution dated 11 February 2015, which considered the Petition of the Tax Case closed and terminated.

Sincerely yours,

  
Yam Kit Sung  
Compliance Officer  
Grand Plaza Hotel Corporation