

SOUTH LUZON

TOLLWAY CORPORATION

29 February 2016

Philippine Dealing & Exchange Corp.

37th Floor, Tower 1, The Enterprise Center
6766 Ayala Avenue corner Paseo de Roxas
Makati City

Attention: **Ms. Vina Vanessa S. Salonga**
Head - Issuer Compliance and Disclosure Department

Re: South Luzon Tollway Corporation Php7.3 Billion Fixed Rate Bonds
SEC Form 17 – C Disclosure on the petition filed with the Court of Tax Appeals (CTA)

Gentlemen:

In compliance with the Philippine Dealing & Exchange Corp. ("PDEX") guidelines, please find enclosed copy of our disclosure to Securities and Exchange Commission, in the form of SEC 17-C.

As agreed with you, we shall inform PDEX in case of any changes.

Very truly yours,



Raoul Eduardo C. Romulo
Corporate Information Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. 24 February 2016
Date of Report (Date of earliest event reported)
2. SEC Identification Number A200010622 3. BIR Tax Identification No. 207-247-094
4. SOUTH LUZON TOLLWAY CORPORATION
Exact name of issuer as specified in its charter
5. Metro Manila, Philippines 6. (SEC Use Only)
Province, country or other jurisdiction of Industry Classification Code:
incorporation
7. Sitio Latian, Brgy. Mapagong, Calamba City 4027
Address of principal office Postal Code
8. (02) 584-4655
Issuer's telephone number, including area code
9. (N/A)
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class

Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding

	Amount	Interest Rate	
Series A	₱2.4 Billion	4.9925%	_____
Series B	₱2.4 Billion	5.5796%	_____
Series C	₱2.5 Billion	6.4872%	_____
Total	₱7.3 Billion		_____

11. Indicate the item numbers reported herein: Item 5

One

Item 5. Legal Proceedings

On 24 February 2016, the Corporation filed with the Court of Tax Appeals (“CTA”) a Petition for Review against the Commissioner of Internal Revenue (the “respondent CIR”), seeking:

- i) the cancellation of the Formal Letter of Demand dated 22 October 2015 with Assessment Notice No. DS-1250000018-11-15-57700 (the “FLD/Assessment Notice”) issued by the Bureau of Internal Revenue (“BIR”) against the Corporation, for the total amount of Php50,589,423.96, consisting of deficiency documentary stamp taxes (DST) in the amount of Php25,540,865.00, allegedly due on advances made by related parties to the Corporation, and on an obligation under a finance lease, surcharge of 25% of the basic tax due, interest from 6 April 2012 to 27 November 2015, and compromise penalty of Php50,000.00; and
- ii) the refund of the amount of Php49,777,714.28, representing DST, including surcharge, interest and compromise penalty, erroneously and/or illegally collected by the respondent under Section 229 in relation to Section 204(C) of the National Internal Revenue Code of 1997 (“NIRC”), which was paid under protest by the Corporation on 30 September 2015, following the issuance by the BIR of a Preliminary Assessment Notice Parts I and II (the “PAN”), dated 30 September 2015, for, among others, deficiency DST on advances made by related parties to the Corporation, surcharge, interest and compromise penalty.

The Petition for Review was filed by way of an appeal from the 26 January 2016 decision of the respondent CIR (in the form of a letter) on the Request for Reconsideration/Protest and Claim for Refund dated 2 December 2015, filed by the Corporation with the BIR, seeking the foregoing reliefs.

The deficiency DST assessment was made by the BIR under Revenue Memorandum Circular (RMC) No. 48-2011 issued on 6 October 2011, in relation to Section 179 of the NIRC, circularizing a decision of the Supreme Court promulgated on 19 July 2011, in the case entitled *Commissioner of Internal Revenue vs. Filinvest Development Corporation*, 654 SCRA 56 (the “Filinvest Case”), which ruled that instructional letters and journals and cash vouchers evidencing advances of Filinvest to affiliates qualified as loan agreements upon which DST may be imposed.

The Corporation asserts that the respondent CIR had no factual or legal basis to issue the FLD/Assessment Notice and to collect the DST that was paid under protest by the Corporation, by reason of the following:

- a) The respondent CIR erred in applying the decision of the Supreme Court in the Filinvest Case, which was rendered on 19 July 2011, and in applying RMC No. 48-2011, which was issued on 6 October 2011, on the advances made by related parties to the Corporation (the “subject advances from related parties”), as the said advances were made prior to July 2011. The application of RMC No. 48-2011 and the doctrine in the Filinvest case to the subject advances from related parties violates the principle of non-retroactivity of laws and rulings of the Supreme Court.
- b) Even assuming, for the sake of argument, that RMC No. 48-2011 and the doctrine under the Filinvest case can be applied retroactively, they still cannot be applied to the subject advances from related parties, which are not covered by any form of debt instrument. In respect of the subject advances from related parties, the respondent CIR illegally assessed DST only on the basis of the Notes to Financial Statements of the 2012 audited financial statements of the Corporation.

- c) Even assuming that the deficiency DST assessment on the subject advances from related parties is valid, the immediate payment by the Corporation of the alleged deficiency DST on 30 September 2015, was a supervening event that rendered the FLD/Assessment Notice moot and academic and/or *functus officio*. Hence, the respondent should have cancelled the same.
- d) The alleged DST on the obligation of the Corporation under a finance lease, is improper and without basis. The said finance lease pertained to the lease by the Corporation of a vehicle, the DST on which was paid by the finance leasing company on behalf of the Corporation. Proof of the payment of the DST was previously presented by the Corporation to the respondent.
- e) The right of the BIR to assess the Corporation for deficiency DST has already prescribed.
- f) By reason of the foregoing, the Corporation is entitled to a refund of the amount of Php49,777,714.28, representing an erroneous and/or illegal collection of alleged deficiency DST.
- g) Assuming that the Corporation is liable for DST on the subject advances from related parties under Section 179 of the NIRC, it is liable only for the basis tax of Php25,540,865.00, without the imposition of surcharge, interest and penalty, since it relied in good faith on existing decisions of the Supreme Court and rulings of the BIR at the time of the receipt/extension of the subject advances from related parties.

- nothing follows -

end

SIGNATURES

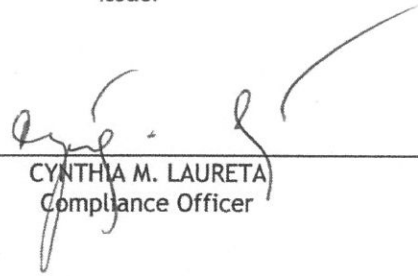
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SOUTH LUZON TOLLWAY CORPORATION

Issuer

24 February 2016

Date



CYNTHIA M. LAURETA
Compliance Officer