REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

THIRD DIVISION

HALLIBURTON WORLDWIDE LIMITED - PHILIPPINE BRANCH,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA Case No. 10467

Members:
MANAHAN, *Chairperson,*
REYES-FAJARDO, and
ANGELES, *JJ.*

Promulgated:
JAN 08 2025
9:40 a.m.

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AMENDED DECISION

REYES-FAJARDO, *J.*:

For the Court's resolution is petitioner Halliburton Worldwide Limited - Philippine Branch (Halliburton Philippine Branch)'s Motion for Partial Reconsideration and Correction (Re: Decision dated July 26, 2024).[1] Petitioner seeks reconsideration of the Decision promulgated on July 26, 2024, where the Court partially granted petitioner's claim for refund in the amount of ₱249,846.59 representing petitioner's unutilized input VAT, attributable to its zero-rated sales covering the four quarters of calendar year (CY) 2018.

After respondent Commissioner of Internal Revenue (CIR) filed its Comment/Opposition,[2] the instant motion was submitted for resolution on October 8, 2024.

The present motion is partly meritorious.

In the Assailed Decision, the Court did not consider as zero-rated a sale to Energy Development Corporation (EDC) amounting to

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1 The Title/Heading of the motion erroneously references the date of the assailed decision as July 26, 2023. Docket - Vol. 3, pp. 1299-1312.

2 Docket - Vol. 3, pp. 1324-1330.

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₱22,229,678.09 because Official Receipt No. 1153 (Exhibit P-38), which was submitted to support the transaction, was unreadable.

Petitioner submits this matter for reconsideration by offering the original carbon pink and white copies of Official Receipt No. 1153.

We note that the document in question was admitted in evidence,[3] but was adjudged as unreadable in the Assailed Decision. The instant motion is petitioner's first opportunity to refute the finding on the document's readability; thus, to accord due process, We shall accept the present submission of the original carbon pink and white copies of Official Receipt No. 1153.

The copies show that on April 23, 2018, petitioner received from EDC the amount of ₱22,229,678.09 in payment of the following billing invoices:

Exh	Inv. No.	Date	Amount in USD	Forex	Amount in PHP
P-38-1	9503700729	Feb. 11, 2018	103,111.45	50.4540	5,202,385.10
P-38-2	9503700730	Jan. 18, 2018	36,501.01	50.4540	1,841,621.96
P-38-3	9503716626	Jan. 6, 2018	28,867.20	50.0210	1,443,966.21
P-38-4	9503730760	Jan. 31, 2018	1,862.40	51.0400	95,056.90
P-38-5	9503730767	Jan. 31, 2018	25,608.00	51.0400	1,307,032.32
P-38-6	9503754813	Feb. 11, 2018	240,524.25	51.3030	12,339,615.60
Total sales			**413,866.31**		**22,229,678.09**

The amount of $413,866.31, when translated to Philippine Peso, is equivalent to ₱22,229,678.09. This converted amount was traced to the Summary List of Purchases.[4]

On the other hand, petitioner's theory that a valid authority to print (ATP) is *not* an invoicing requirement (*e.g.*, that must be complied with, especially in substantiating its claim for refund or credit of unutilized input VAT) contradicts the law.

There is a mandatory requirement under Section 113(A)(2) of the Tax Code imposed upon every VAT-registered person to issue a **VAT**

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[3] Resolution dated January 13, 2023, Docket – Vol. 2, pp. 1096-1099.
[4] See Annex D, ICPA Report, Exhibit "P-31," Docket – Vol. II, p. 629.

official receipt for every sale of services. A VAT official receipt within the context of the Tax Code shall be one that has been "duly registered" with the Bureau of Internal Revenue (BIR),[5] as provided with Section 237 of the Tax Code. In turn, pursuant to Section 238 of the Tax Code, due registration of receipts shall be accomplished by securing from the BIR an authority to print receipts before a printer can print the same.

In this light, the issuance of official receipts beyond the validity period of its ATP is non-compliance with the prescribed rules and regulations on invoicing; official receipts issued without the requisite ATP shall not be appreciated in favor of a claim for refund of unutilized input VAT.

Based on these findings, We sustain the disallowance of sales of services supported by official receipts issued with expired ATP. On the other hand, the sale of service to EDC amounting to ₱22,229,678.09 shall now be regarded as a valid zero-rated sale. Resultantly, this amount is no longer treated as a disallowance; the total valid zero-rated sales for CY 2018 amounts to ₱26,612,491.76, computed as follows:

	Original	**Amended**
Zero-Rated Sales/Receipts Per VAT Return	₱94,633,039.84	₱94,633,039.84
Less: Disallowances		
Export sale of goods not properly substantiated	₱30,529.50	₱30,529.50
Sales of services to EDC and others		
Without supporting BIR-registered VAT ORs	89,445.18	89,445.18
Supported by:		
VAT ORs with expired ATP	51,840,875.38	51,840,875.38
BIR registered VAT ORs dated outside period of claim	16,059,698.02	16,059,698.02
BIR registered VAT OR with unreadable details	22,229,678.09	-
Total Disallowances	₱90,250,226.17	₱68,020,548.08
Valid Zero-Rated Sales/Receipts	₱4,382,813.67	**₱26,612,491.76**

Thus, We recompute the valid input VAT refundable to petitioner as follows:

	Original	**Amended**
Valid Input VAT	₱6,257,358.42	₱6,257,358.42
Divided by: Declared Zero-Rated Sales/Receipts	94,633,039.84	94,633,039.84
Multiplied by: Valid Zero-Rated Sales/Receipts	4,382,813.67	26,612,491.76
Input VAT Attributable to Valid Zero-Rated Sales/Receipts	₱249,846.52	**₱1,759,680.34**

[5] Section 237

WHEREFORE, petitioner Halliburton Worldwide Limited - Philippine Branch's Motion for Partial Reconsideration and Correction (Re: Decision dated on July 26, 2024) is **PARTIALLY GRANTED**.

Accordingly, the dispositive portion of the Decision dated July 26, 2024 is **AMENDED** as follows:

> **WHEREFORE**, the Petition for Review filed by Halliburton Worldwide Limited – Philippine Branch on February 16, 2021, is **PARTIALLY GRANTED**. Accordingly, respondent Commissioner of Internal Revenue is **ORDERED TO REFUND** or **TO ISSUE A TAX CREDIT CERTIFICATE** in favor of Halliburton Worldwide Limited - Philippine Branch in the amount of **ONE MILLION SEVEN HUNDRED FIFTY-NINE THOUSAND SIX HUNDRED EIGHTY PESOS AND THIRTY-FOUR CENTAVOS (₱1,759,680.34)**, representing petitioner's unutilized input VAT, attributable to its zero-rated sales for the four quarters of calendar year 2018.

SO ORDERED.

Marian Ivy F. Reyes-Fajardo
MARIAN IVY F. REYES-FAJARDO
Associate Justice

WE CONCUR:

Catherine T. Manahan
CATHERINE T. MANAHAN
Associate Justice

HENRY S. ANGELES
Associate Justice

ATTESTATION

I attest that the conclusions in the above Amended Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

CATHERINE T. MANAHAN
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, it is hereby certified that the conclusions in the above Amended Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ROMAN G. DEL ROSARIO
Presiding Justice