REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SECOND DIVISION

MD PANABO AGRI-VENTURES, INC., Petitioner,	**CTA CASE NO. 10658**
	Members:
- versus -	**RINGPIS-LIBAN,** *Chairperson,* **MODESTO-SAN PEDRO,** *and* **FERRER-FLORES,** *JJ.*
COMMISSIONER OF INTERNAL REVENUE, Respondent.	Promulgated: OCT 0 1 2025 4:11 pm

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RESOLUTION

RINGPIS-LIBAN, J.:

Before this Court is petitioner's **Motion for Reconsideration (of the Decision dated 25 March 2025)** filed on April 23, 2025, with respondent's **Comment (Re: Petitioner's Motion for Reconsideration of Decision dated 25 March 2025)** filed on May 26, 2025.

On March 25, 2025, the Court promulgated a Decision denying petitioner's claim for refund of unutilized input value-added tax (VAT) in the amount of ₱5,260,894.41, for failing to establish that it was engaged in zero-rated sales during the taxable year 2019, the dispositive portion of which is quoted as follows:

> "**WHEREFORE**, in light of the foregoing disquisition, the present *Petition for Review* is **DENIED** for lack of merit.
>
> **SO ORDERED**."

In its Motion, while petitioner agrees with the Court in finding that there was no system enhancement when it changed the header of its sales invoice from "Charge Sales Invoice" to "Commercial Sales Invoice", it however assails the Court's finding that the commercial invoices it submitted are insufficient to support its VAT zero-rating sales transaction since they are only classified as supplementary documents pursuant to Revenue Regulations (RR) No. 18-2012,[1] in relation to Revenue Memorandum Circular (RMC) No. 02-2014.[2]

Petitioner argues that the Court did not consider its commercial invoice as proof of its zero-rated sales because of its nomenclature and the Bureau of Internal Revenue (BIR)'s reference to commercial invoices in revenue issuances as mere supplemental invoices as to the contents and the purpose for which they were issued. Petitioner insists that the contents of its commercial invoices are compliant with the invoicing requirements laid down in Section 113 (A) and (B) of the National Internal Revenue Code (NIRC) of 1997, as amended, including its implementing rules and regulations, and further insists that the heading and nomenclature "commercial invoice" does not change the nature of the invoice issued. Petitioner continues that while it recognizes the authority of respondent to promulgate rules and regulations implementing the provisions of law, they are still mere rules and regulations which cannot go beyond the intent of the law it seeks to implement. Applied herein, petitioner maintains that the BIR cannot unduly change the requirements as to what constitutes a "tax invoice."

Petitioner also contends that the definition of a commercial invoice and its classification as a supplementary document under RR No. 18-2012 has no basis in law, and is contrary to Section II.X Revenue Memorandum Order (RMO) No. 29-2002[3] which, accordingly, uses "sales invoice" and "commercial invoice" interchangeably, as follows:

> "X. *Sales or Commercial Invoice*. This is a written account of goods sold or services rendered and the prices charged therefor used in the ordinary course of business evidencing sale and transfer or agreement to sell or transfer of goods and services. For this purpose, Sales or Commercial Invoices shall be limited to the following:
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> X.1 *Cash Sales Invoice*. This is an invoice issued for every transaction involving sale or transfer of goods or rendition of services whether the same is paid in cash, check, or any other similar mode of payment.
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> X.2. *Charge sales invoice*. This is an invoice issued for every transaction involving sale or transfer of goods/rendition of services but the payment or consideration of which is on deferred or account basis.

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1 "SUBJECT: Regulations in the Processing of Authority to Print (ATP) Official Receipts, Sales Invoices, and Other Commercial Invoices Using the On-line ATP System and Providing for the Additional Requirements in the Printing Thereof," dated October 22, 2012.

2 "SUBJECT: Clarification on the Issuance of Official Receipt as Required by Government Auditors as Evidence of Receipt of Payment for Disbursements Where the Payee/Recipient is a Dealer, Supplier or Any Business Establishment Required by the Bureau of Internal Revenue to Issue Such," dated January 13, 2014.

3 "SUBJECT: Revised Procedures in the Processing and Approval of Applications for Permit to Adopt Computerized Accounting System (CAS) or Components Thereof Amending RMO 21-2000," dated September 16, 2002.

X.3 *Official Receipt.* A receipt issued for the payment of services rendered or of goods sold on account."

To further bolster its claim, petitioner points out that the above-quoted definition of Sales or Commercial Invoice in RMO No. 29-2002 has been constantly upheld and reiterated by the Supreme Court in the cases of *Kepco Philippines Corp. v. Commissioner of Internal Revenue,*[4] *Northern Mindanao Power Corporation v. Commissioner of Internal Revenue,*[5] *Nippon Express (Philippines) Corporation v. Commissioner of Internal Revenue,*[6] and *Sioland Development Corp. v. Fair Distribution Center Corp.*[7]

In view thereof, petitioner asserts that the intention of the law is to consider both Sales Invoice and Commercial Invoice to be written account of goods sold or services issued to customers in the ordinary course of business. As such, a charge invoice is simply a type of commercial invoice and in changing its header from "charge sales invoice" to "commercial invoice", petitioner submits that it was merely reverting to the more general term recognized in jurisprudence, without deviating from the nature of the document.

Lastly, petitioner also explains that while it may be argued that the RR No. 18-2012 and RMC No. 02-2014 were issued after the issuance of RR No. 16-2005,[8] the same cannot be deemed to have repealed the latter. First, there is nothing in RR No. 18-2012 and RMC No. 02-2014 that expressly states that they are repealing or amending RR No. 16-2005. Second, RR No. 18-2012 pertains to the regulations in the processing of Authority To Print (ATP) of receipts and invoices using the ATP online system, while RMC No. 02-2014 pertains to the clarification issued by the BIR on the issuance of official receipts as required by government auditors. Thus, petitioner concludes that RR No. 16-2005 continues to be the rules implementing Section 113 (A) and (B) of the NIRC and to which the definition of "sales or commercial invoice" is similar to that in RMO No. 29-2002. More so, petitioner cites the recent issuance of RR No. 07-2024,[9] confirms that commercial invoices are VAT invoices. In view thereof, petitioner submits that it was able to comply with all requisites to prove its entitlement to a tax refund in the amount of ₱5,260,894.41.

On the other hand, in his Comment, respondent maintains that (i) the implementing rules and regulations have the force and effect of law and enjoy the presumption of regularity; and (ii) where the law speaks of clear and categorical language, there is no room for interpretation. Based thereon, respondent argues that the law is clear in this case, commercial invoices are separate and distinct from

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4 G.R. No. 181858, November 24, 2010.
5 G.R. No. 185115, February 18, 2015.
6 G.R. No. 191495, July 23, 2018.
7 G.R. No. 199539, August 9, 2023.
8 "SUBJECT: Consolidated Value-Added Tax Regulations of 2005," dated September 1, 2005.
9 "SUBJECT: Implementing Sections 113, 235, 236, 237, 238, 242, 243 of the National Internal Revenue Code of 1997, as Amended by Republic Act (RA) No. 11976, otherwise known as the 'Ease of Paying Taxes Act', on the Registration Procedures and Invoicing Requirements", dated March 22, 2024.

sales invoices, the latter being the only document which can serve as basis for the output tax liability of the seller in relation to the input tax claim of the buyer, while commercial invoices on the other hand cannot serve as valid proof to support the claim of input tax by buyers of goods and/or services. Respondent reiterates that in the present case, petitioner merely submitted commercial invoices as proof of its zero-rated sales, instead of a sales invoice. As such, respondent submits that petitioner clearly failed to comply with the law in establishing that its sales of goods qualify for VAT zero-rating under Section 106(A)(2)(a)(1) of the NIRC of 1997, as amended.

After due consideration, the Court finds petitioner's Motion for Reconsideration bereft of merit.

At the outset, it must be stressed that tax revenue regulations are issuances signed by the Secretary of Finance, upon recommendation of the Commissioner of Internal Revenue that specify, prescribe, or define rules and regulations for the effective enforcement of the provisions of the NIRC and related statutes. As these issuances are mandated by the NIRC itself, they are in the nature of a subordinate legislation that are as compelling as the provisions of the NIRC they seek to implement.[10] Thus, the agencies, acting in a legislative capacity, may supplement the statute and fill-in in the details, pursuant to a specific delegation of legislative power. As such, they may impose additional obligations pursuant to authority from Congress and affect individual rights and obligations.[11] Consequently, the BIR, in its wisdom, is justified if it made a distinction in the assailed revenue regulations as to the evidentiary value of supplementary receipts/invoices vis-à-vis principal receipts/invoices, including those documents which may fall into them.

As a matter of policy, the Court will not interfere in matters which are addressed to the sound discretion of the government agency entrusted with the regulation of activities coming under the special and technical training and knowledge of such agency.[12] Thus, until and unless such administrative interpretation is subsequently reversed or declared invalid or unconstitutional, Courts should accord great respect to such interpretation, following the ruling in *Philippine Health Care Providers, Inc. v. Commissioner of Internal Revenue*, to wit:

> "**It is well-settled that the interpretation of an administrative agency which is tasked to implement a statute is accorded great respect and ordinarily controls the interpretation of laws by the courts**. The reason behind this rule was explained in *Nestle Philippines, Inc. v. Court of Appeals:*

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[10] *Commissioner of Internal Revenue, et seq. v. San Roque Power Corporation, et seq.*, G.R. Nos. 187485, 196113, and 197156, February 12, 2013.

[11] *The Philippine Stock Exchange, Inc., et al. v. Secretary of Finance, et al.*, G.R. No. 213860, July 5, 2022.

[12] *Drugstore Association of the Philippines, Inc. v. National Council on Disability Affairs*, G.R. No. 194561, September 14, 2016.

The rationale for this rule relates not only to the emergence of the multifarious needs of a modern or modernizing society and the establishment of diverse administrative agencies for addressing and satisfying those needs; it also relates to the accumulation of experience and growth of specialized capabilities by the administrative agency charged with implementing a particular statute. In *Asturias Sugar Central, Inc. vs. Commissioner of Customs*, the Court stressed that **executive officials are presumed to have familiarized themselves with all the considerations pertinent to the meaning and purpose of the law, and to have formed an independent, conscientious and competent expert opinion thereon. The courts give much weight to the government agency officials charged with the implementation of the law, their competence, expertness, experience and informed judgment, and the fact that they frequently are the drafters of the law they interpret.**" *(Emphases supplied)*

Relatively, the regulation prescribing the policies and guidelines in the processing of ATP official receipts, sales invoices and other commercial invoices using the on-line ATP Systems that was prevailing at the time petitioner filed its administrative claim for refund on May 11, 2021 was RR No. 18-2012, which states in part that:

"SECTION 2. *Definition of Terms*.– x x x.

2. **PRINCIPAL RECEIPTS/INVOICES** – for purposes of this regulations, it is written account evidencing the sale of goods and/or services issued to customers in an ordinary course of business which necessary includes the following:

2.1 **VAT SALES INVOICE** – for purposes of Value Added Tax (VAT) pursuant to Section 106 of the NIRC, as amended, **it is a written account evidencing the sale of goods and/or properties issued to customers in an ordinary course of business, whether cash sales or on account (credit) which shall be the basis of the output tax liability of the seller** and the input tax claim of the buyer. **Cash Sales Invoices and Charge Sales Invoices fall under this definition.**

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3. SUPPLEMENTARY RECEIPTS/INVOICES — for purposes of these Regulations, these are also known as **COMMERCIAL INVOICES**. It is a written account evidencing that a transaction has been made between the seller and the buyer of goods and/or services, forming part of the books of accounts of a business taxpayer for recording, monitoring and control purposes.

It is a document evidencing delivery, agreement to sell or transfer of goods and services which includes but are not limited to

> delivery receipts, order slips, debit and/or credit memo, purchase order, job order, provisional/temporary receipt, acknowledgement receipt, collection receipt, cash receipt, bill of lading, billing statement, statement of account, and any other documents, by whatever name it is known or called, whether prepared manually (handwritten information) or pre-printed/pre-numbered loose-leaf (information typed using excel program or typewriter) or computerized as long as it is used in the ordinary course of business being issued to customers or otherwise.
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> **Supplementary receipts/invoices, for purposes of Value-Added Tax, are not valid proof to support the claim of Input Taxes by buyers of goods and/or services**." *(Emphases and underscoring added)*

Based above, a substantial distinction is placed between principal receipts/invoices, which pertain to a written account evidencing the sale of goods and/or services issued to customers in an ordinary course of business that necessary includes VAT sales invoice and VAT official receipts, and supplementary receipts/invoices, which proves that a transaction has been made between the seller and the buyer of goods and/or services, forming part of the books of accounts of a business taxpayer for recording, monitoring and control purposes –such include commercial invoices. And as correctly pointed out by respondent, the provisions of RR No. 18-2012 are clear, plain, and free from ambiguity, they must be given their literal meaning and applied without attempted interpretation. This is what is known as the plain-meaning rule or *verba legis*.[13]

The said Revenue Regulation further states that supplementary receipts/invoices are not valid proof to support the claim of input taxes by buyers of goods and/or services for purposes of VAT. There is also nothing in its context that would manifest or suggest the intention to treat VAT sales invoice and commercial invoice as one and the same, contrary to petitioner's claim. Evidently, petitioner has no legal basis to claim that that the terms "sales invoices" and "commercial invoices" can be used interchangeably.

Moreover, petitioner cannot likewise find solace on the definition of "Sales Invoice" and "Commercial Invoice" under Section II.X of RMO No. 29-2002,[14] are used interchangeably, as the said RMO merely defines what cash sales invoice, charge sales invoice and official receipt are, without any discussion on their respective evidentiary values when applying for input VAT.

In the same vein, petitioner cannot also rely on RR No. 07-2024,[15] in seeking to implement Sections 113, 235, 236, 237, 238, 242, 243 of the NIRC of 1997, as amended by Republic Act No. 11976, otherwise Known as the "*Ease of Paying Taxes Act*," since the said regulation was only enacted on March 22, 2024,

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[13] *Cynthia S. Bolos v. Danilo T. Bolos*, G.R. No. 186400, October 20, 2010.
[14] Supra No. 3.
[15] Supra No. 9.

and is not yet in effect at the time petitioner filed its administrative claim for refund of its unutilized input VAT for taxable year 2019 on May 11, 2021.

At this juncture, the Court reiterates that actions for tax refund or credit are in the nature of a claim for exemption and the law is not only construed in *strictissimi juris* against the taxpayer, but also the pieces of evidence presented entitling a taxpayer to an exemption is *strictissimi* scrutinized and must be duly proven. The burden is on the taxpayer to show that it has strictly complied with the conditions for the grant of the tax refund or credit. Since taxes are the lifeblood of the government, tax laws must be faithfully and strictly implemented as they are not intended to be liberally construed.[16]

In view of the foregoing disquisitions, there being no new matter or substantial issue raised by petitioner in its Motion for Reconsideration, the Court finds no compelling reason to reverse or modify the Decision promulgated on March 25, 2025.

WHEREFORE, premises considered, petitioner's Motion for Reconsideration (of the Decision dated 25 March 2025) is **DENIED** for lack of merit.

SO ORDERED.

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

We Concur:

MARIA ROWENA MODESTO SAN-PEDRO
Associate Justice

ON LEAVE
CORAZON G. FERRER-FLORES
Associate Justice

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[16] *Coca-Cola Bottlers Philippines, Inc. v. Commissioner of Internal Revenue*, G.R. No. 222428, February 19, 2018.