REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

SECOND DIVISION

BETA ELECTRIC CORPORATION,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

C.T.A. CASE NO. 6811

Members:

CASTAÑEDA, JR., *Chairperson*
UY, *and*
PALANCA-ENRIQUEZ, *JJ.*

Promulgated:
MAY 19 2008
4:10 p.m.

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DECISION

UY, J.:

The instant Petition for Review filed by petitioner, Beta Electric Corporation, seeks the cancellation and withdrawal of Amended Assessment Notice Nos. IT-91619-99-03-390 and VT-91619-99-03-390, as well as the Final Decision on Disputed Assessment, all dated September 30, 2003, issued by respondent, Commissioner of Internal Revenue, finding petitioner liable for deficiency income and value-added taxes, plus twenty (20%) percent interests, in the total amount of **ONE MILLION SIXTY TWO THOUSAND SEVEN HUNDRED SIXTY ONE AND 83/100 PESOS (P1,062,761.83)** and **ONE MILLION TWO HUNDRED SEVENTY FIVE THOUSAND FIVE**

HUNDRED FORTY NINE AND 38/100 PESOS (P1,275,549.38), respectively, for the taxable year 1999.

THE FACTS

Culled from the records of this case, and as stipulated by the parties in their Joint Stipulation of Facts and Issues,[1] these are the facts of the case.

Petitioner Beta Electric Corporation is a domestic corporation duly organized and existing under the laws of the Republic of the Philippines, with principal address as No. 18 Bagong Calzada corner Tomasa St., Brgy. Ususan, Taguig, Metro Manila.

Respondent, on the other hand, is the duly appointed Commissioner of Internal Revenue vested by law to decide disputed assessments and to enforce the provisions of the National Internal Revenue Code (NIRC), and other tax laws. He holds office at the Bureau of Internal Revenue (BIR) National Office Building, Diliman, Quezon City.

On January 29, 2003, petitioner received a Formal Assessment Notice dated January 24, 2003[2] issued against it for deficiency income, expanded withholding, documentary stamp, and value-added taxes for the taxable year 1999 in the aggregate amount of P15,703,257.60, inclusive of surcharges and interests.[3] On February 28, 2003, petitioner filed its letter protest[4] to the assessment, requesting from respondent a reinvestigation and/or reconsideration of said assessment and attaching therewith relevant supporting documents.

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[1] Docket, pp. 70-73.
[2] Exhibit "A", Docket, pp. 5-6.
[3] Par. 4, Joint Stipulation of Facts and Issues (JSFI).
[4] Exhibit "B", Docket, pp. 10-16.

In view thereof, a Waiver of the Statute of Limitations under the National Internal Revenue Code (NIRC) of 1997, as amended, dated March 25, 2003, was duly executed, and signed by Elvira Ayuro, General Manager of Beta Electric Corporation and accepted by the BIR Acting Regional Director, Anselmo G. Adriano.[5]

On October 3, 2003, petitioner received a copy of respondent's Final Decision on the Disputed Assessment[6] with attached Amended Assessment Notice Nos. IT-91619-99-03-390 and VT-91619-99-03-390, signed by Acting Regional Director Anselmo G. Adriano of BIR Revenue Region No. 8, Makati City, for the Commissioner of Internal Revenue, dated September 30, 2003. The same partially granted petitioner's protest by reducing the assessment on petitioner's 1999 deficiency income and value-added tax liabilities, but totally denied its protest on the deficiency expanded withholding and documentary stamp tax liabilities, showing a total assessment in the amount of **P2,400,265.96**, inclusive of surcharges and interests, to wit:

Amended Assessment Notice No.	Kind of Tax	Amount Due
IT-91619-00-03-390[7]	Income	P 1,062,761.83
VT-91619-99-03-390[8]	VAT	1,275,549.38
WE-91619-99-03-390	Expanded Withholding	53,374.33
DS-91619-99-03-390	Documentary Stamp	8,580.42
TOTAL		**P 2,400,265.96**

Thereafter, petitioner paid its deficiency expanded withholding and documentary stamp tax liabilities, pursuant to the aforementioned Amended Assessment Notice Nos. **WE-91619-99-03-390** in the amount of **P53,374.33**, and **DS-91619-99-03-390** in the amount of **P8,580.42**,

[5] Par. 12, JSFI.
[6] Exhibit "C", Docket, pp. 17-19.
[7] Exhibit "C-1".
[8] Exhibit "C-2".

respectively; while, the instant Petition for Review was filed on November 3, 2003, seeking the cancellation and withdrawal of Amended Assessment Notices Nos. **IT-91619-99-03-390** in the amount of **P1,062,761.83** (documentary stamp tax), and **VT-91619-99-03-390** (value-added tax) in the amount of **P1,275,549.38.**

Respondent filed an Answer on February 2, 2003 raising the following Special and Affirmative Defenses:

> "3. He reiterates and repleads the preceding paragraphs of this answer as part of his Special and Affirmative Defenses;
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> 4. Section 228 of the Tax Code, partly provides:
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> > 'Sec. 228. Protesting of Assessment. – Such assessment may be protested administratively by filing a request for reconsideration or reinvestigation within thirty (30) days from receipt of the assessment in such form and manner as may be prescribed by implementing rules and regulations. *Within sixty (60) days from filing of the protest, all relevant supporting documents shall have been submitted; otherwise, the assessment shall become final.*' (Emphasis supplied)
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> Considering the failure of petitioner to submit all relevant supporting documents within sixty (60) days from filing its protest, the assessments have already become final by operation of law.
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> 5. Since the assessments have become final, this Honorable Court has no jurisdiction to act on the instant petition.
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> 6. Assuming arguendo that this Honorable Court has jurisdiction to act on the instant petition, petitioner was assessed for deficiency income tax for 1999 in the amount of P1,062,761.83 since after verification it was disclosed that the creditable tax withheld of P572,557.48 was not properly supported by petitioner of the required certification, while the tax credit claimed in the amount of P623,245.61 for 1999 is actually an income payment for taxable years 1997 and 1998 such do not form part of the income declared per ITR for 1999, hence,

disallowed pursuant to Section 2.58.3 of Revenue Regulations No. 2-98, as amended.

7. Further, the excess credit carried over in the amount of P3,829,987.00 from the 4th Quarter of 1999 cannot be credited against the deficiency Income Tax since the said amount was already carrier forward to the succeeding quarters, pursuant to Section 2.58.3 of Revenue Regulations No. 2-98, as amended.

8. Furthermore, the Minimum Corporate Income Tax (MCIT) payment in the amount of P478,013.00 was not applied against the computed deficiency income tax since the excess MCIT shall be carried forward on an annual basis and credited against normal income tax for the three (3) immediately succeeding taxable years as provided under Section 27 (E)(2) of the NIRC, in relation to Revenue Regulations No. 9-98.

9. Petitioner was assessed for deficiency VAT in the amount of P1,275,549.38 since after verification it was disclosed that petitioner failed to subject to VAT the Management Fee of P350,000.00, in violation of the provision under Section 108 of the NIRC. Section 108 provides, viz:

> 'Section 108(A) of the 1997 Tax Code it is provided that there shall be levied, assessed and collected a value-added tax equivalent to ten percent (10%) of gross receipts derived from the sale or exchange of service including the use or lease of properties.
>
> The term 'gross receipts' means the total amount of money or its equivalent representing contract price, compensation, service fee, rental or royalty, including the amount charged for materials supplied with the services and deposits and advanced payments actually or constructively received during the taxable quarter for the services performed or to be performed for another person, excluding value-added tax. Based on the above, you are still liable for value-added tax equivalent to the rate of 10% on your gross receipts/collections of your electrical construction service.'

10. Further, petitioner failed to substantiate the claimed creditable input tax in the amount of P4,982,088.61, by means of VAT invoices and Official Receipts, pursuant to Section 110(A)(1) of the NIRC, which provides, viz:

> 'Any input tax claimed evidenced by a VAT invoice or official receipts issued in accordance with Section 113 of the NIRC shall be creditable against output tax.'

11. The assessments issued against petitioner for deficiency income and value-added tax both for taxable year 1999, covered under Amended Assessment Notice Nos. IT-91619-99-03-390 and VT-91619-99-03-390 both dated September 30, 2003 were made in accordance with law and regulations.

12. All presumptions are in favor of the correctness of the tax assessments.[9]"

During trial, both parties presented oral and documentary evidence. As directed by the Court in the Resolution dated February 2, 2007,[10] petitioner filed its Memorandum on May 11, 2007 while respondent failed to do so despite notice to file the same. Thus, this case was submitted for Decision on May 28, 2007.[11] Hence, this Decision.

THE ISSUES

As stipulated by the parties, the issues for this Court's consideration are as follows:

"1. Whether or not the claimed tax credit by petitioner in the amount of P623,245.61 for taxable year 1999 should be disallowed as credit against petitioner's income tax considering the fact that BIR Forms 2307 showing the amount of P623,245.61 are actually income payments for the years 1997 and 1998, which do not form part of petitioner's income declared in its 1999 Income Tax Return.

2. Whether or not the excess tax credit of petitioner in the amount of P3,829,987.00 which was carried forward in the succeeding quarter can be credited against the assessed deficiency income tax of petitioner for taxable year 1999.

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[9] Answer, Docket, pp. 30-31a.
[10] Docket, p. 285.
[11] Resolution dated May 28, 2007, Docket, p. 303.

3. Whether or not petitioner failed to subject to VAT the management fee of P350,000.00, in violation of Section 108 of the 1997 Tax Code.

4. Whether or not the petitioner is liable for the 10% VAT on its gross receipts/collections of electrical construction service.

5. Whether or not petitioner is liable to pay the amounts of P623,245.61 plus interest and P729,284.97 plus interest, representing the assessed deficiency income tax and value-added tax covered under the Amended Assessment Notice Nos. IT-91619-99-03-390 and VT-91619-99-03-390 both dated September 30, 2003, respectively, for taxable year 1999."

Petitioner's Arguments

Petitioner submits that respondent's disallowance of the fourteen (14) Certificates of Creditable Tax Withheld at Source (BIR Form No. 2307)[12] on the ground that they pertain to taxable years 1997 and 1998 is not proper because claims for tax credit or refund are clearly allowed under Section 2.58.3 of Revenue Regulations No. 2-98, and any excess credits are automatically allowed as credits for the succeeding taxable quarters or years. In fact, respondent allegedly did not even dispute the amount of taxes withheld.

Petitioner also argues that, as shown by its submitted Certificates of Creditable Tax Withheld at Source, it incurred a net loss in the year 1999; thus, as a result thereof, it only had to pay the Minimum Corporate Income Tax (MCIT) for the same year, in the amount of P478,013.00. It allegedly carried over from taxable year 1998 to 1999 tax credits in the amount of P2,635,240.00, from which amount the income tax withheld for the first three (3) quarters of the year 1999 or the amount of P1,672,760.00, was added.

[12] Exhibits "D-1" to "D-14", Docket, pp. 197-213.

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Out of the total amount of tax credits, or P4,308,000.00, the MCIT of P478,013.00 was allegedly deducted; hence, leaving a balance of P3,829,987.00 carried over to taxable year 2000. In this regard, petitioner submits that the disallowance made by respondent would only result in a decrease in the total amount of tax credits carried over to the year 2000, and not in any deficiency income tax.

Moreover, petitioner contends that its excess tax credits in the year 1999, which was carried forward to the succeeding years, can be applied as payment of its alleged deficiency income taxes for the same year. Assuming that the certificates should be disallowed, and such disallowance would result in deficiency income taxes, still petitioner should not allegedly be required to pay the deficiency taxes in cash, considering that it had reported a net loss of P234,895.00[13] for taxable year 1999. For this reason, petitioner only had to pay the MCIT and the net loss deducted first from the alleged resulting income. Considering that it had shown that for the years 2000 to 2003, it had steadily increased its tax credits for income tax purposes, thus making said tax credits available for the payment of any income tax that may fall due and payable.

As regards the issue on the value-added tax (VAT) deficiencies, petitioner submits that since Management Fee is a service income, the VAT liability is only remitted upon the collection of the same as provided under

[13] Exhibit "D-25", Line 22 to 22B of Exhibit "D", Petitioner's 1999 Annual Income Tax Return, Docket, p. 194.

Section 108 of the NIRC of 1997, as amended. Petitioner alleges that it remitted its VAT payments as evidenced by its Quarterly VAT Returns.[14]

Furthermore, petitioner maintains that the difference between its computation and that of the Bureau of Internal Revenue of due taxes came about as a result of the failure of the revenue examiner concerned, to adjust its Beginning Balance in the amount of P938,859.79, and the failure to deduct the following items in her computation of gross receipts, to wit:

1. Customer's deposit in the amount of P20,337,652.02 applied to invoices issued;
2. Collection from zero-rated sales to PEZA-registered enterprises in the amount of P530,089.90; and
3. Collection on merchandising sale in the amount of P718,995.63.

The examiner likewise failed to add the gross receipts from the collection of receivables for the same year, in the following amounts:

1. Receipt of customer's deposit in the amount of P13,137,583.85; and
2. Sale of fixed assets in the amount of P254,545.45.

Thus, compared to the examiner's findings, after deducting the input taxes, the amount due and payable is only P4,635,088.25; which petitioner allegedly had already remitted to the government.

Respondent's Arguments.

The alleged deficiency income tax resulted from respondent's disallowance of petitioner's creditable withholding taxes in the amount of P623,245.61 on the ground that the Certificates of Creditable Tax Withheld at

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[14] Exhibits "I", "I-1" to "I-4", Docket, pp. 236-240.

Source[15] (BIR Forms 2307) supporting the said amount pertain to taxable years 1997 and 1998, and the related income payments did not form part of petitioner's 1999 taxable income.

Moreover, respondent arrived at the alleged deficiency VAT as follows:

Accounts Receivable, Beginning (net of VAT)	P	57,117,300.00
Add: Income per Billing		105,564,135.91
Total	P	162,681,435.91
Less: Accounts Receivable, End (net of VAT)		59,602,242.73
Gross Receipts per Audit	P	103,079,193.18
Add: Management Fee		350,000.00
Gross Receipts subject to VAT	P	103,429,193.18
Output Tax	P	10,342,919.32
Less: Input Tax		4,982,088.25
VAT Payable	P	5,360,831.07
Less: Paid per Return		4,631,546.10
VAT Deficiency	P	729,284.97
Add: 20% Interest (01-26-00 to 10-24-03)		546,264.41
Total Amount Due	**P**	**1,275,549.38**

THE COURT'S RULING

After a careful scrutiny and analysis of the parties' respective arguments and documentary evidence, as well as the applicable laws and jurisprudence in this case, this Court finds merit in the instant Petition for Review.

I. Deficiency Income Tax Assessment under Amended Assessment Notice No. IT-91619-99-03-390 in the amount of P1,062,761.83

[15] Exhibits "D-1" to "D-14", supra.

Petitioner's Annual Income Tax Return[16] for the taxable year 1999 shows that petitioner's creditable withholding taxes in the total amount of P623,245.61 were not reported as part of its "Prior Years Excess Credits", but instead, it was declared as part of the "Creditable Tax Withheld for the First Three Quarters"[17] in the amount of P1,672,760.00. The amount of creditable withholding tax shall be allowed as a tax credit against the income tax liability only when it is shown that the income payment has been declared as part of the gross income, and the fact of withholding is established by a copy of the withholding tax statement duly issued by the payor to the payee showing the amount paid and the amount of tax withheld therefrom.[18]

In this case, petitioner is not entitled to the tax credit in the amount of P623,245.61 for the same amount actually pertains to taxes withheld in 1997 and 1998 from the income supposedly earned on the same taxable year, with petitioner failing to prove that it reported the appropriate income in its 1997 and 1998 Annual Income Tax Returns. Thus, the disallowance by respondent of the amount of P623,245.61 creditable withholding tax is proper.

However, as opposed to respondent's findings, such disallowance would not result in any deficiency income tax. At most, there would only be a decrease in the total amount of tax credits carried over to taxable year 2000 and the succeeding years. Moreover, even if the said creditable withholding taxes were disallowed, petitioner would still have enough tax credits to cover the Minimum Corporate Income Tax of P478,012.86; thereby, leaving only a

[16] Exhibit "D", Docket, p. 194.
[17] Exhibit "D-27".
[18] Section 2.58.3, Revenue Regulations No. 2-98, as amended.

total overpayment of P3,206,741.39, to be carried over to the succeeding years.

II. Value Added Tax Assessment under Amended Assessment No. VT-91619-99-03-390 in the amount of P1,275,549.38.

Sections 105 and 108(A) of the NIRC of 1997, as amended, provide that:

> "**SEC.105. Persons Liable.**—Any person who, in the course of trade or business, sells, barters, exchanges, leases goods or properties, renders services, and any person who imports goods shall be subject to the value-added tax (VAT) imposed in Sections 106 to 108 of this Code.
>
> xxx xxx xxx"
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> "**SEC.108. Value-Added Tax on Sale of Services and Use or Lease of Properties.**—
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> **(A) Rate and Base of Tax.**—There shall be levied, assessed and collected a value-added tax equivalent to ten percent (10%) of gross receipts derived from the sale or exchange of services, including the use or lease of properties.
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> The phrase '*sale or exchange of services*' means the performance of all kinds of services in the Philippines for others for a fee, remuneration or consideration, xxx.
>
> xxxxx
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> The term '**gross receipts**' means the total amount of money or its equivalent representing the contract price, compensation, service fee, rental or royalty including the amount charged for materials supplied with the services and deposits and advanced payments actually or constructively received during the taxable quarter for the services performed or to be performed for another person, excluding the value-added tax."

From the foregoing provisions of law, the Management Fees received by petitioner from its client, fall within the above definition of gross receipts; hence, subject to VAT at ten percent (10%). Moreover, Section 113(A)[19] of the same Code provides that petitioner shall issue VAT official receipts to the client companies upon collection of the Management Fees.

Based on the records of the case, it appears that petitioner prepared a journal voucher[20] which supports that the Management Fee of P350,000.00[21] billed to its affiliates during the taxable year 1999, and collected only in March 2000. Official receipts[22] in the amounts of P200,000.00 and P105,000.00 evidencing the said billing were likewise submitted by petitioner to further bolster its claim. As provided under the aforequoted last paragraph of Section 108 (A) of the NIRC of 1997, such Management Fee is not subject to the 10% output VAT in the year of billing, that is, in 1999, but only upon its collection during the taxable year 2000 wherein the payment was actually or constructively received.

Apparently, the said collected Management Fee being subject to output VAT only during the taxable year 2000, petitioner's declaration of the related

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[19] Sec. 113. Invoicing and Accounting Requirements for VAT-registered Persons. –

(A) Invoicing Requirements. – A VAT-registered person shall for every sale, issue an invoice or receipt. In addition to the information required under Section 237, the following information shall be indicated in the invoice or receipt:

(1) a statement that the seller is a VAT-registered person, followed by his taxpayer's identification number (TIN); and

(2) The total amount which the purchaser pays or is obligated to pay to the seller with the indication that such amount includes the value-added tax.

[20] Exhibit "M-7A-1".

[21] As per Memo No. Raco-EMG99-0016M (Exhibit 9, BIR Records, p.116), the effectivity of monthly management fee of P50,000.00 was June 1, 1999, thus the management fee due as of December 31, 1999 is P350,000.00.

[22] Exhibits "M-7B-1" and "M-7B-2".

output VAT in its Second Quarterly VAT Return[23] of taxable year 2000, and its remittance of the same to the BIR on the same year are all proper. Since the balance of P45,000.00 remains outstanding to date, the related output VAT thereon shall not be due until collection of the same.

As regards petitioner's argument pertaining to the failure of respondent to deduct the customer's deposit in the amount of P20,337,652.02 which was applied against petitioner's revenue in 1999, it is petitioner's practice that, in issuing invoices, the amount billed to customers represents the total contract price without deducting customer's deposit previously received, and for which VAT has already been paid at the time of the receipt of such deposit. Petitioner submitted various sales invoices,[24] official receipts,[25] journal vouchers,[26] debit memos,[27] Schedule of Output Tax/Summary of VAT Return,[28] and Monthly/Quarterly VAT Returns,[29] which were verified by the Court's Commissioned Independent CPA (ICPA), Mr. Francis Albalate of Punongbayan & Araullo. In his Report dated September 9, 2005[30], the ICPA finds that:

> "1. The results of the procedures we performed with respect to the deficiency output VAT showed a total amount of P21,083,855.67 (net of VAT) in customers' deposits that were applied against the Company's revenues in 1999. This is composed of the following:

[23] Exhibits "M-7C-1" to "M-7C-3".
[24] Exhibits "M-2A-1" to "M-2A-154", "M-3A-1" to "M-3A-59", "M-4A-14" to "M-4A-19", "M-5A-3" to "M-5A-5".
[25] Exhibits "M-3B-1" to "M-3B-25", "M-5B-2" to "M-5B-6", "M-6A-1" to "M-6A-133".
[26] Exhibits "M-4A-1" to "M-4A-5", "M-5A-1" to "M-5A-2".
[27] Exhibits "M-4A-6" to "M-4A-11".
[28] Exhibits "M-3C-1" to "M-3C-25", "M-4B-1" to "M-4B-20B", "M-5C-1" to "M-5C-6".
[29] Exhibits "M-3D-1" to "M-3D-25", "M-4C-1" to "M-4C-20", "M-5D-1" to "M-5D-6".
[30] Exhibit "M".

Customers' deposits application traced to appropriate supporting documents and VAT payments properly verified (see **Exhibit M-3**)	P19,073,637.66
Customers' deposits application with incomplete documents (see **Exhibit M-5**)	2,009,918.01
	P21,083,555.67

This differs from the amount claimed by the Company totaling P20,337,652.02, or a difference of P745,903.65.

The customers' deposits application with incomplete documentation is composed of the following:

Customers' deposits application with no invoices and supported only by journal vouchers	P 1,230,920.07
Customers' deposits applied differs from the invoice	778,997.94
	P2,009,918.01

It will be noted though that even if the abovementioned application of customers' deposit have not been completely verified either because there were no invoices or there were differences in the amounts applied, the related output VAT of P200,991.80 were properly declared in the appropriate VAT returns when the deposits were received, hence, are also valid reductions from gross receipts in computing for the output VAT for 1999 (see **Exhibit M-5**)."

Upon verification, this Court finds the ICPA Report to be correct and in order. However, it should be noted that the application of the "customers' deposit" in 1999 claimed by petitioner is only in the amount of P20,337,652.02 and not P21,083,555.67 as found by the ICPA. Consequently, only this amount may be properly applied against petitioner's revenues during taxable year 1999.

Anent the collection from zero-rated sales to PEZA-registered enterprises amounting to P530,089.90, the same may be classified as "sale subject to zero rating" under Revenue Memorandum Circular (RMC) No. 74-99, dated October 15, 1999. However, the same is outrightly denied for failure of petitioner to have the word "zero-rated" imprinted on the appropriate official receipts in violation of the invoicing requirements provided under Section 113(A) of the NIRC of 1997, as amended, in relation to Section 4.108-1[31] of Revenue Regulations No. 7-95.

Lastly, the collection on the merchandising sale in the amount of P718,995.63 which is subject to VAT at the time of the issuance of the invoice, and not at the time of receipt of payment cannot be ascertained from the documents presented. Thus, the same shall not be considered in the computation of gross revenues for taxable year 1999. The same is true with regard to the receipt of customer's deposits in the amount of P13,137,583.85 and sale of fixed assets in the amount of P254,545.45.

A recomputation of petitioner's tax payments and liabilities based on the evidence presented shows that petitioner is not liable for deficiency VAT for the taxable year 1999, thus:

Accounts Receivable, Beginning (net of VAT)	P 57,117,300.00
Add: Income per Billing	105,564,135.91
Total	P162,681,435.91
Less: Accounts Receivable, End (net of VAT)	59,602,242.73
Gross Receipts per Audit	P103,079,193.18
Less: Applications of Customer's Deposit in 1999	20,337,652.02
Total	P 82,741,541.16
Gross Receipts subject to VAT	P 82,741,541.16
Output Tax	P 8,274,154.12
Less: Input Tax	4,982,088.25
VAT Payable	P 3,292,065.87

[31] SECTION 4.108-1. Invoicing Requirements — All VAT-registered persons shall, for every sale or lease of goods or properties or services, issue duly registered receipts or sales or commercial invoices which must show:

1. the name, TIN and address of seller;
2. date of transaction;
3. quantity, unit cost and description of merchandise or nature of service;
4. the name, TIN, business style, if any, and address of the VAT-registered purchaser, customer or client;
5. the word "zero rated" imprinted on the invoice covering zero-rated sales; and
6. the invoice value or consideration.

Less: Paid per Return	4,631,546.10
VAT Deficiency	P (1,339,480.23)
Total Amount Due (Tax Credit)	**P (1,339,480.23)**

WHEREFORE, premises considered, the instant Petition for Review is hereby **GRANTED**. Accordingly, the Final Decision on Disputed Assessment and Amended Assessment Notice Nos. IT-91619-99-03-390 and VT-91619-99-03-390, all dated September 30, 2003, issued by respondent against petitioner for alleged deficiency income and value-added taxes for the taxable year 1999, are hereby **CANCELLED** and **WITHDRAWN.**

SO ORDERED.

ERLINDA P. UY
Associate Justice

WE CONCUR:

JUANITO C. CASTAÑEDA, JR.
Associate Justice

OLGA PALANCA-ENRIQUEZ
Associate Justice

ATTESTATION

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

JUANITO C. CASTAÑEDA, JR.
Associate Justice
Chairperson

CERTIFICATION

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

ERNESTO D. ACOSTA
Presiding Justice