REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL SECOND DIVISION

TAGANITO MINING CORPORATION, *Petitioner,*	**CTA Case No. 9369**
-versus-	Members:
	CASTAÑEDA, JR., *Chairperson,* **MANAHAN**, *JJ.*
COMMISSIONER OF INTERNAL REVENUE, *Respondent.*	Promulgated: DEC 06 2018 3:50 p.m.

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D E C I S I O N

MANAHAN, *J.*:

This involves a Petition for Review filed on May 27, 2016 by Taganito Mining Corporation as petitioner, against the Commissioner of Internal Revenue, as respondent, before the Court in Division.

Petitioner seeks the refund of its alleged excess/unutilized input VAT for taxable year 2014.

PARTIES

Petitioner is a corporation duly organized and existing under and by virtue of the laws of the Philippines with former principal office at 4th Floor, NAC Center (formerly Solid Mills/BMMC Building), Dela Rosa Street, Legaspi Village, Makati City and current business address at 29/F NAC Tower, 32nd Street, Bonifacio Global City, Taguig/Makati City.[1]

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[1] Stipulated Facts, Joint Stipulation of Facts and Issues (JSFI), Paragraph (par.) 1, Court docket, p. 109.

Respondent is the duly appointed Commissioner of the Bureau of Internal Revenue (BIR), vested with authority to exercise the functions of said office, including *inter alia*, the power to decide refunds of internal revenue taxes, fees or other charges, penalties imposed in relation thereto, or other matters arising under the 1997 National Internal Revenue Code (NIRC) or other laws administered by the BIR under Section 4 of the Tax Code, and holding office at the BIR National Office Building, Diliman, Quezon City, Metro Manila, where he may be served with summons and other legal processes of the Court.[2]

Petitioner is duly registered with the Securities and Exchange Commission (SEC) with Certificate of Registration No. 138682 issued on March 4, 1987 with the following primary purpose:[3]

> "To carry on the business, for itself and for others, of mining lode and/or placer mining, developing, exploiting, extracting, milling, concentrating, converting, smelting, treating, refining, preparing for market, manufacturing, buying, selling, exchanging, shipping, transporting, and otherwise producing and dealing in nickel, chromite, cobalt, gold, silver, copper, lead, zinc, brass, iron, steel, limestone, and all kinds of ores, metals and their by-products and which by-products thereof of every kind and description and by whatsoever process the same can be or may hereafter be produced, and generally and without limit as to amount, to buy, sell, locate, exchange, lease, acquire and deal in lands, mines, and mineral rights and claims and to conduct all business appertaining thereto, to purchase, locate, lease or otherwise acquire, mining claims and rights, timber rights, water rights, concessions and mines, buildings, dwellings, plants machinery, spare parts, tools and other properties whatsoever which this corporation may from time to time find to be to its advantage, to mine lands, and to explore, work, exercise, develop or turn to account the same, and to acquire, develop and utilize water rights in such manner as may be authorized or permitted by law; to purchase, hire, make, construct or otherwise, acquire, provide, maintain, equip, alter, erect, improve, repair, manage, work and operate private roads, barges, vessels, aircraft and vehicles, private telegraph and telephone lines, and other communication media, as may be needed by the corporation for its own purpose, and to purchase, import, construct,

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[2] JSFI, Par. 2, Court docket, p. 110.
[3] JSFI, docket, Par. 3, pp. 110-111.

> machine, fabricate, or otherwise acquire, and maintain and operate bridges, piers, wharves, wells, reservoirs, plumes, watercourses, waterworks, aqueducts, shafts, tunnels, furnaces, coke ovens, crushing works, gasworks, electric lights and power plants and compressed air plants, chemical works of all kinds, concentrators, smelters, smelting plants, and refineries, matting plants, warehouses, workshops, factories, dwelling houses, stores, hotels or other buildings, engines, machinery, spare parts, tools, implements and other works, conveniences, and properties of any description in connection with or which may be directly or indirectly conducive to any of the objects of the corporation, and to contribute to, subsidize or otherwise aid or take part in any operations."

Petitioner is also a VAT-registered entity with updated Certificate of Registration (BIR Form No. 2303) No. OCN 8RC0000685884E duly issued by respondent.[4] In addition, it is registered with the Board of Investments (BOI) with BOI Certificate of Registration No. EP 88-306 dated April 14, 1988.[5]

On December 29, 2015, petitioner filed with respondent, through respondent's Excise Taxpayers' Assistance Division under the Large Taxpayers Division, a claim for refund of excess input taxes paid on its domestic purchases and importation of taxable goods and services and importation of goods including capital goods.[6]

On June 7, 2013, respondent informed the Commissioner of the Bureau of Customs (BOC) that the former has approved in favor of petitioner VAT credit in the amount of ₱20,817,854.93 representing input tax amortized in the calendar year 2014 on importations for the period from January 1, 2010 to December 31, 2014, attributable to zero-rated export sales of nickel ore sources.[7]

On the other hand, the BOC stated that it has not issued any refund on VAT in favor of petitioner for the calendar years 2009 to 2014.[8]

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[4] JSFI, paragraph 4, Court docket, p. 111.
[5] JSFI, paragraph 5, Court docket, p. 111.
[6] JSFI, docket, paragraph 6, p. 111; Exhibits "P-1", "P-1-A", "P-1-B", "P-1-C", and "P-2" Court docket, pp. 198-205.
[7] Exhibit "P-7", Court docket, p. 212.
[8] Exhibit "P-4", Court docket, p. 207.

Hence, this petition.

Respondent filed a Motion to Admit Attached Answer[9], with attached Answer[10], on July 26, 2016, which the Court granted on September 2, 2016[11].

A Notice of Pre-Trial Conference[12] was issued by this Court on October 12, 2016, setting the case for pre-trial conference on November 10, 2016. Accordingly, petitioner's Pre-Trial Brief[13] was filed on October 28, 2016, while the Pre-Trial Brief for the Respondent[14] was filed on November 3, 2016.

Pre-trial conference ensued. The parties submitted their Joint Stipulation of Facts and Issues[15] (JSFI) on November 21, 2016. On November 28, 2016, the Court issued a Pre-Trial Order[16] adopting the parties' JSFI, and the pre-trial was deemed terminated.

Upon petitioner's motion[17], the Court commissioned Mr. George V. Villaruz, a partner in the auditing firm of Villaruz Villaruz & Co., CPAs, as Independent Certified Public Accountant (ICPA).[18]

During trial, petitioner presented as its witnesses (1) Mr. George V. Villaruz[19], the ICPA; and (2) Ms. Lennie A. Terre[20], petitioner's Vice-President for Finance.

Petitioner filed its Formal Offer of Evidence[21] on July 26, 2017. In the Resolution dated September 4, 2017[22], the Court admitted all of petitioner's evidence.

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[9] Court Docket, pp. 51-55.
[10] *Id.*, pp. 57-68.
[11] Resolution dated September 2, 2016, Court docket, p. 75.
[12] Court Docket, pp. 77-78.
[13] *Id.*, pp. 79-87.
[14] *Id.*, pp. 88-91.
[15] *Id.*, pp. 109-114.
[16] *Id.*, pp. 119-123.
[17] Motion to Commission an Independent CPA, Court docket, pp. 99-101.
[18] Minutes of the Hearing dated January 23, 2017, Court docket, p. 130.
[19] Exhibits "P-11" and "P-11-D", docket, pp. 135-141 and 181-184, respectively; Minutes of the Hearing dated March 29, 2017 and dated July 17, 2017,Court docket, pp. 155 and 185, respectively.
[20] Exhibit "P-10", docket, pp. 144-153; Minutes of the Hearing dated March 29, 2017, Court docket, p. 155.
[21] Court docket, pp. 187-197.

On the other hand, respondent manifested that there is no report of investigation in this case, and hence, he is submitting the case for the decision of the Court.[23]

The case was submitted for decision on December 12, 2017 [24] , considering petitioner's Memorandum [25] filed on November 8, 2017, and respondent's Memorandum[26] filed on November 29, 2017.

ISSUE

The parties jointly stipulated that the sole issue to be resolved in this case is as follows:[27]

> Whether or not petitioner is entitled to the refund of its alleged excess input VAT in the amount of Twenty Eight Million Nine Hundred Twenty Six Thousand Eight Hundred Thirty Seven Pesos (₱28,926,837.00).

Petitioner's Arguments

Petitioner began its arguments by submitting the timeliness of its claim for refund both in the administrative and judicial levels. It maintains that pursuant to Sections 112 and 229 of the 1997 NIRC and existing jurisprudence, the claim for refund lodged with the Bureau of Internal Revenue (BIR) and its subsequent appeal to the Court of Tax Appeals (CTA) are both within the prescriptive period.

As to the substantive aspect of the claim for refund, its entitlement to the grant of the entire amount is anchored on Section 106 (A) (2) (a) of the 1997 NIRC, which specifically states that export sales by a VAT-registered entity are subject to value-added tax (VAT) at zero percent. Being registered with

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[22] *Id.*, pp. 388-389.
[23] Minutes of the Hearing dated October 9, 2017, Court docket, p. 393.
[24] Resolution dated December 12, 2017, Court docket, p. 426.
[25] Court docket, pp. 400-416.
[26] *Id.*, pp. 418-424.
[27] JSFI, Court docket, p. 111.

the Board of Investments (BOI) as one primarily engaged in the business of exploring and eventually exporting nickel silicate ores and chromite ores, petitioner claims that it is covered by the said Section 106 (A) (2) (a) of the 1997 NIRC.

Petitioner also maintains that all of its generated and recorded zero-rated sales from January 1, 2014 to December 31, 2014 were all paid for in acceptable foreign currency, specifically in US Dollars which were inwardly remitted to the Philippines and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP) pursuant to Section 106 (a) (2) (a) (1) of the 1997 NIRC, as amended.

Overall, petitioner anchored its rationale for entitlement to the full amount of its claim for refund on the following propositions, thus :

1. The VAT input taxes, subject of the claim, were paid for in the course of its trade or business and are directly attributable to its zero-rated export sales.
2. The excess input taxes being claimed for refund/tax credit have not been applied against or are undiminished by any VAT output taxes for the same or subsequent periods.
3. The evidence shows that the input taxes being claimed for refund have not been carried forward to the succeeding quarter or quarters as these were already deducted from its accumulated input taxes upon the filing of its application with the BIR.
4. All the VAT sales and purchases were duly recorded in its books of accounts and duly indicated its VAT sales and purchases in its monthly VAT declarations and quarterly VAT returns.
5. The VAT input taxes are duly supported by VAT-registered invoices and/or official receipts issued by its suppliers of goods and services as well as by official receipts issued by the Bureau of Customs (BOC).

Respondent's Counter-Arguments

In his Answer filed on July 26, 2016, respondent interposed the following Special and Affirmative Defenses, to wit:

"SPECIAL AND AFFIRMATIVE DEFENSES

On the basis of the foregoing allegations and in further support of the Specific Denials herein set forth, respondent respectfully alleges as her defense that:

It is incumbent upon petitioner to prove that it is entitled to the refund sought because a claim for refund is not ipso facto granted upon filing of the claim.

4. As a matter of course, a claim for refund is subject to investigation as it involves removal of accrued revenue from the coffers of the Government. It has been held by the Supreme Court that a claim for refund is not *ipso facto* granted because the Commissioner of Internal Revenue still has to investigate and ascertain the veracity of the claim.

5. Respondent submits that petitioner failed to demonstrate that the amount of ₱28,926,837.00 which is the subject of the case at bar was erroneously or illegally collected. Taxes remitted to the BIR are presumed to have been made in the regular course of business and in accordance with provisions of law.

6. Before the instant Petition for Review should be given due course, petitioner should prove that it submitted the relevant pieces of documents to substantiate its claim and had observed the procedure laid down in Section 112(C) of the National Internal Revenue Code (NIRC) of 1997, as amended, which reads:

xxx xxx xxx

7. In case of full or partial denial of the claim for tax refund or tax credit, or the failure on the part of the Commissioner to act on the application within the period prescribed above, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim or after the expiration of the one hundred twenty day-period, appeal the decision or the unacted claim with the Court of Tax Appeals.

8. Clearly, the law requires the **submission of complete documents in support of the application filed** with the Bureau of Internal Revenue before the 120-day audit period shall apply, and **before the taxpayer could avail of judicial remedies as provided for in the law,** petitioner's failure to comply with the duly mandated legal requirements in such claims for refund/tax credit warranted the denial by inaction of the administrative claim.

9. Furthermore, said Section 112 (C) clearly states that there should be a prior administrative claim filed with respondent before judicial resort can be had in the Court of Tax Appeals, where relevant documents must be submitted by the taxpayer to support its claim for refund. Failure on the part of the taxpayer to file the administrative claim and submit relevant documents on administrative level, makes the administrative claim for tax refund or credit pro-forma and shall be construed as if no administrative claim was filed at all.

10. In cases such as this, before judicial inquiry into the issue of whether taxpayers, in general, are entitled to a refund/tax credit under substantive law may be considered, they have an initial burden to discharge. They must prove that they complied with all the administrative requirements continuing up to judicial review. In other words, before **trial de novo** proceeds and disposes of the issue of refund entitlement under **substantive** law, it must first be proved that there was **procedural** compliance in pursuing the administrative claim leading to the **appellate** proceedings. As stated by the Honorable Supreme Court:

> 'Petitioner's contention that non-compliance with Revenue Regulations 3-88 could not have adversely affected its case in the CTA indicates a failure on its part to appreciate the nature of the proceedings in that court. **First, a judicial claim for refund or tax credit in the CTA is by no means an original action but rather an appeal by way of petition for review of a previous, unsuccessful administrative claim. Therefore, as in every appeal or petition for review, a petitioner has to convince the appellate court that the quasi-judicial agency a quo did not have any reason to deny its claims. In this case, it was necessary for petitioner to show the CTA not only that it was entitled under substantive law to the grant of its claims but also that it satisfied all the documentary and evidentiary requirements for an administrative claim for refund or tax credit.** Second, cases filed in the CTA are litigated de novo. Thus, a petitioner should prove every minute aspect of its case by presenting, formally offering and submitting its evidence to the CTA. **Since it is crucial for a petitioner in a judicial claim for refund or tax credit to show that its administrative claim should have been granted in the first place, part of the evidence to be submitted to the CTA must necessarily include whatever is required for the successful prosecution of an administrative claim**.' (*Emphasis and underscoring supplied*)

11. As can be seen, proper substantiation begins in the administrative level. So if the denial (by inaction) of the administrative claim is because of non-compliance with legal procedural requirements, then true to its appellate nature, the Honorable Court must sustain the decision of the BIR since it suffers no infirmity.

12. The purpose of requiring the filing of the administrative claim for refund/tax credit and submission of supporting documents relevant to a claim for tax refund/credit is to give the administrative agency concerned the opportunity to ascertain the veracity and validity of the claim. This is the very essence, the very substance of the doctrine of exhaustion of administrative remedies. The doctrine rests upon the presumption that the administrative body, board, or officer, if given the chance to correct its mistake or error, may amend its decision on a given matter and decide it properly. Thus, non compliance with a condition precedent renders the Petition for Review dismissible.

13. The doctrine of exhaustion of administrative remedies ensures an orderly procedure which favors a preliminary sifting process, particularly with respect to matters peculiarly within the competence of the administrative agency. After this sifting process comes the availability of judicial review of administrative decisions. Judicial review of administrative decisions entails the Court to examine the method in which the decision was arrived at, and finding no error, lets the administrative decision stand. This is precisely because there are matters peculiarly within the competence of the administrative agency.

14. The above-mentioned periods are clearly given for strict compliance as a prerequisite before seeking redress in a competent court. Such statutory periods are set to prevent delays as well as enhance the orderly and speedy discharge of judicial functions (*Agpalo, Statutory Construction, Third Edition 1995, p. 266*). For this reason, the courts construe these provisions of statutes as mandatory (*Ibid., citing Alvero vs. De la Rosa, 76 Phil. 428, 434*).

15. Settled is the rule that the non-exhaustion of administrative remedies is jurisdictional. In this case the right of petitioner to apply or request for refund has prescribed and it has no cause of action to ventilate in court. The case is susceptible of dismissal for failure to state a cause of action. Petitioner has only until March 31, 2011 within which to request or demand for refund/tax credit. Considering that as of even date, petitioner has not yet made a written request for refund before the office of the respondent, it has no more right to assert to, more so with this Honorable Court, because there is nothing to appeal.

There was no decision, neither, inaction because in the first place there was no written claim for refund ever made, which categorically demanded for reimbursement.

16. The implementing rule for these complete documents required by law is RMO No. 53-98. Annex B-1 of said RMO lists all the required documents as follows:

xxx xxx xxx

As stated above, the first documentary requirement is that provided in Annex B of the same RMO. Annex B provides for more requirements as follows:

xxx xxx xxx

17. In the case entitled ***Commissioner of Internal Revenue vs. Rosemarie Acosta,*** the Supreme Court had occasion to say:

xxx xxx xxx

18. In the present case, petitioner failed to submit all the necessary documents needed for the application of its VAT refund.

19. The purpose of requiring the filing of the administrative claim for refund/tax credit and submission of supporting documents relevant to a claim for tax refund/credit is to give the administrative agency concerned the opportunity to ascertain the veracity and validity of the claim. This is the very essence, the very substance of the doctrine of exhaustion of administrative remedies. The doctrine rests upon the presumption that the administrative body, board, or officer, if given the chance to correct its mistake or error, may amend its decision on a given matter and decide it properly. Thus, non-compliance with a condition precedent renders the Petition for Review dismissible.

20. The failure of petitioner to substantiate its claim for refund before the office of the respondent and the filing of the instant petition before this Honorable Court deprived respondent of the opportunity to fully exercise her function to decide claims for refund, correct, modify or affirm the findings of her subordinates. It must be remembered, that in the case of ***Jariol vs. Commission on Elections,*** the Supreme Court reasoned that a party must not merely initiate the prescribed administrative procedure to obtain relief, the party concerned must pursue this relief until the

appropriate conclusion takes place before seeking judicial intervention in order to give the administrative body an opportunity to decide the matter by itself correctly and prevent unnecessary and premature resort to the court.

21. The power to tax is the most effective instrument to raise needed revenues to finance and support the myriad activities of the government for the delivery of basic services essential to the promotion of the general welfare and enhancement of peace, progress and prosperity of the people. Consequently, any delay in implementing tax measures would be to the detriment of the public. It is for this reason that claims for refund are required to be done within certain time frames.

22. Exemptions from taxation are highly disfavored in law and he who claims exemption must be able to justify his claim by the clearest grant of organic or statutory law. An exemption from the common burden cannot be permitted to exist upon vague implications (***Asiatic Petroleum Co. vs Llanes, 49 Phil. 466 cited in Collector of Internal Revenue v Manila Jockey Club, Inc., 98 Phil. 670***).

23. In an action for refund, the burden of proof is on the taxpayer to establish its right to refund, and failure to sustain the burden is fatal to the claim for refund. Hence, a taxpayer is charged with the heavy burden of proving that he has complied with and satisfied all the statutory and administrative requirements to be entitled to the tax refund. Failure to comply therewith warrants a dismissal of the taxpayer's claim for refund. Respondent humbly submits that petitioner failed to establish its right to refund.

24. It can never be emphasized enough that in this jurisdiction tax refunds/credits are in the nature of tax exemptions, hence, laws relating to them call for a strict application against the claimant. As held by the Honorable Supreme Court:

> 'Tax refunds are in the nature of tax exemptions, and are to be construed *strictissimi juris* against the entity claiming the same. Thus, the burden of proof rests upon the taxpayer to establish by sufficient and competent evidence, its entitlement to a claim for refund.'

25. Taxes collected are presumed to be in accordance with laws and regulations.

26. Claims for refund are construed strictly against the claimant for the same partake of the nature of exemption a—

from taxation (***Commissioner of Internal Revenue vs. Ledesma, 31 SCRA 95***) and as such, they are looked upon with disfavor (***Western Minolco Corp. vs. Commissioner of Internal Revenue, 124 SCRA 1211***). Basic is the rule that tax refunds are regarded as tax exemptions that are in derogation of the sovereign authority and are to be construed in strictissimi juris against the person or entity claiming the exemption (***Philippine Phosphate Fertilizer Corporation v. Commissioner of Internal Revenue, G.R. No. 141973, June 28, 2005***). The law does not look with favor on tax exemptions and that he who would seek to be thus privileged must justify it by words too plain to be mistaken and too categorical to be misinterpreted (***Sea-Land Service. Vs. Court of Appeals, 357 SCRA 444***).

27. Based on the foregoing, petitioner's claim for refund has no basis in fact and in law. Thus, the instant petition should be dismissed for lack of jurisdiction and/or for lack of merit."

In his Memorandum, respondent additionally expressed his objections to the claim for refund by asserting that petitioner failed to substantiate its claim for refund during trial, specifically its compliance with the requirements provided under Revenue Memorandum Order (RMO) No. 53-98 and other existing rules and regulations relative to applications of this nature. Further respondent theorizes that for a judicial claim for refund of input VAT to prosper, the petitioner must prove the following:

1. That there must be zero-rated or effectively zero-rated sales;
2. That input taxes were incurred or paid;
3. That the input taxes are attributable to zero-rated or effectively zero-rated sales;
4. That the input taxes were not applied against any VAT output VAT liability;
5. That the claim for refund/tax credit must be filed within the two- year prescriptive period.

Respondent maintains that petitioner did not fully comply with all of the above requirements, thus the claim for refund of input VAT for the taxable year 2014 must be denied.

RULING OF THE COURT

Foremost among the issues to be resolved in claims for refund of excess/unutilized VAT input taxes is the timeliness of the filing of the claim or claims as this is determinative of the jurisdiction of this Court.

The claim before the administrative level and the subsequent Petition for Review before the Court were seasonably filed

Pursuant to Section 112(A) of NIRC of 1997, as amended, the application for tax credit certificate/refund of unutilized excess input VAT must be filed within two years after the close of the taxable quarter when the zero-rated or effectively zero-rated sales were made, and we quote:

> "SEC. 112. *Refunds or Tax Credits of Input Tax.* -
>
> (A) *Zero-Rated or Effectively Zero-rated Sales.* - Any VAT-registered person, whose sales are zero-rated or effectively zero-rated may, within two (2) years after the close of the taxable quarter when the sales were made, apply for the issuance of a tax credit certificate or refund of creditable input tax due or paid attributable to such sales, except transitional input tax, to the extent that such input tax has not been applied against output tax: *Provided, however*, That in the case of zero-rated sales under Section 106(A)(2)(a)(1), (2) and (b) and Section 108(B)(1) and (2), the acceptable foreign currency exchange proceeds thereof had been duly accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP): *Provided, further*, That where the taxpayer is engaged in zero-rated or effectively zero-rated sale and also in taxable or exempt sale of goods or properties or services, and the amount of creditable input tax due or paid cannot be directly and entirely attributed to any one of the transactions, it shall be allocated proportionately on the basis of the volume of sales: *Provided, finally*, That for a person making sales that are zero-rated under Section 108(B)(6), the input taxes shall be allocated ratably between his zero-rated and non-zero-rated sales.
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> xxx xxx xxx

The present claim covers the four quarters of CY 2014, which closed on March 31, 2014, June, 30, 2014, September

30, 2014 and December 31, 2014. Counting two years from the said dates, petitioner had until March 31, 2016, June, 30, 2016, September 30, 2016 and December 31, 2016, respectively, within which to file its administrative claim for tax credit certificate/refund. Thus, petitioner's administrative claims for the said quarters were seasonably filed on December 29, 2015, to wit:

CY 2014	Close of the Taxable Quarter	Last Day to File Administrative Claim	Date of Filing of Administrative Claim
1st Quarter	31-Mar-14	31-Mar-16	29-Dec-15[28]
2nd Quarter	30-Jun-14	30-Jun-16	
3rd Quarter	30-Sep-14	30-Sep-16	
4th Quarter	31-Dec-14	31-Dec-16	

Anent the timeliness of petitioner's judicial appeal, Section 112(C) of the NIRC of 1997, as amended, states the time requirements for filing a judicial claim for the refund or tax credit of input VAT. The legal provision speaks of two periods: the period of 120 days, which serves as a waiting period to give time for the CIR to act on the administrative claim for a refund or credit; and the period of 30 days, which refers to the period for filing a judicial claim with the CTA.[29] We quote Section 112 (C) of the 1997 NIRC, thus:

> "Section 112. – xxx xxx
>
> (C) *Period within which Refund or Tax Credit of Input Taxes shall be Made.* – In proper cases, the Commissioner shall grantIn case of full or partial denial of the claim for tax refund or tax credit, or the failure on the part of the Commissioner to act on the application within the period prescribed above, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim or after the expiration of the one hundred twenty day-period, appeal the decision or the unacted claim with the Court of Tax Appeals."

It is to be noted that the 120-day period begins to run from the date of submission of complete documents supporting the administrative claim. If there is no evidence

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[28] JSFI, paragraph 6, Court docket, pp. 111; Exhibits "P-1" to "P-1-C" and "P-2", Court docket, pp. 198 to 205.

[29] *Rohm Apollo Semiconductor Philippines vs. Commissioner of Internal Revenue,* G.R. No. 168950, January 14, 2015.

showing that the taxpayer was required to submit or actually submitted – additional documents after the filing of the administrative claim, it is presumed that the complete documents accompanied the claim when it was filed.[30]

In this case, petitioner simultaneously submitted its complete supporting documents upon filing of its administrative claim on December 29, 2015. Accordingly, respondent had 120 days from December 29, 2015, or until April 27, 2016 to decide on petitioner's claim. However, respondent failed to act on the claim within the allowable period of 120 days. Thus, petitioner had 30 days or until May 27, 2016 to appeal such inaction to the Court. Evidently, petitioner's judicial claim for refund on May 27, 2016 was timely filed as well, as shown below:

Date of filing of administrative claim/submission of complete documents	**End of 120 days for the BIR Commissioner to decide on the claim**	**End of 30 days to appeal before the CTA**	**Date of Filing of Petition for Review**
29-Dec-15	27-Apr-16	27-May-16	27-May-16

We now proceed to the substantive aspects of the claim for refund of alleged excess/unutilized input VAT for the four quarters of 2014 and whether or not petitioner complied with the well-established requisites to substantiate the same.

Pertinent to the resolution of this issue is Section 110(B) of the 1997 NIRC, and we quote:

> "SECTION. 110. *Tax Credits.* -
>
> xxx xxx xxx
>
> (B) *Excess Output or Input Tax.* - If at the end of any taxable quarter the output tax exceeds the input tax, the excess shall be paid by the VAT-registered person. If the input tax exceeds the output tax, the excess shall be

[30] *Silicon Philippines, Inc. (Formerly Intel Philippines Manufacturing, Inc.) vs. CIR*, G.R. No. 182737, March 2, 2016.

> carried over to the succeeding quarter or quarters: *Provided, however*, That any input tax attributable to zero-rated sales by a VAT-registered person may at his option be refunded or credited against other internal revenue taxes, subject to the provisions of Section 112."

Pursuant to the above provisions in relation to the aforequoted Section 112 (A) and (C) of the 1997 NIRC, the requisites for a refund or tax credit of unutilized excess input VAT attributable to zero-rated or effectively zero-rated sales are as follows:

1) the taxpayer-claimant is VAT-registered;
2) there must be zero-rated or effectively zero-rated sales;
3) input taxes were incurred or paid;
4) such input taxes are attributable to zero-rated or effectively zero-rated sales;
5) said input taxes were not applied against any output VAT liability; and
6) the claim was filed within the prescribed periods both in the administrative and judicial levels.

Petitioner is a VAT-registered entity and had zero-rated sales/receipts during the subject period of the claim

It is undisputed that petitioner is a VAT-registered entity with updated Certificate of Registration (BIR Form No. 2303) No. OCN 8RC0000685884E duly issued by the respondent[31], hence, satisfying the first requisite.

On the second requisite, *i.e.*, the existence of zero-rated sales, petitioner, in its Quarterly VAT Returns for the four quarters of CY 2014, reflected a total amount of ₱8,800,661,932.71 zero-rated sales/receipts, broken down as follows:

Exhibit	CY 2014	Zero-Rated Sales/Receipts
"P-11-A-42"	1st Quarter	₱ 579,928,809.92
P-11-A-43"	2nd Quarter	2,960,901,412.91

[31]JSFI, paragraph 4, Court docket, p. 111.

"P-11-A-44"	3rd Quarter	4,590,263,340.57
"P-11-A-45"	4th Quarter	669,568,369.31
	Total	**₱ 8,800,661,932.71**

The Court-commissioned ICPA[32] examined and verified the supporting documents of petitioner and accordingly classified petitioner's reported zero-rated sales/receipts into the following categories:[33]

	Reference to Exhibit "P-11-B"	**Amount in US Dollars**	**Amount in Philippine Pesos**
A. Export zero-rated sales of goods to non-resident foreign corporations (NRFCs) supported by Export Declaration forms, Sales Invoices (SIs), Security Bank's Client's Advise forms and Bills of Lading (BLs)	Annex F1	160,560,943.83	7,044,757,401.94
B. Local zero-rated sales of goods to PEZA-registered companies supported by SIs, es, and Client's Advise forms issued by Security Bank	Annex F2	32,382,545.45	1,434,219,965.79
C. Zero-rated sales of services to non-resident foreign corporations representing dispatch supported by VAT registered Official Receipts and Billing Statements and Client's Advise forms issued by Security Bank	Annex F3	527,010.92	23,478,725.99
D. Zero-rated sales of services to PEZA-registered companies representing materials handling, drilling services and equipment rental supported by VAT registered Official Receipts and Billing Statements	Annex F4		298,205,838.98
Total			**8,800,661,932.70**[34]

Export sales to non-resident foreign corporations (NRFCs)

With regard to its reported zero-rated export sales of goods to non-resident foreign corporations in the amount of

[32] Villaruz, Villaruz & Co., CPAs through its Partner, Mr. George V. Villaruz.
[33] Exhibit "P-11-B", Court docket, p. 10.
[34] Total amount is ₱0.01 lower due to rounding-off.

₱7,044,757,401.94, records show that petitioner is primarily engaged in the mining and exporting of nickel saprolite and limonite ore, and exploration activities.[35] Petitioner claims that during the CY 2014, it generated export sales of nickel ores from its mining operations that were all paid for in US Dollars inwardly remitted to its bank account in the Philippines and duly accounted for in accordance with the rules and regulations of the BSP. Petitioner posits that such export sales are subject to zero percent (0%) VAT pursuant to Section 106(A)(2)(a)(1) of the NIRC of 1997, as amended, which states:

> "SEC. 106. *Value-added Tax on Sale of Goods or Properties.* –
>
> (A) *Rate and Base of Tax.* – xxx
>
> xxx xxx xxx
>
> (2) *Zero-rated Sales* – The following sales by VAT-registered persons shall be subject to zero percent (0%) rate:
>
> (a) *Export Sales.* - The term "export sales" means:
>
> (1) The sale and actual shipment of goods from the Philippines to a foreign country, irrespective of any shipping arrangement that may be agreed upon which may influence or determine the transfer of ownership of the goods so exported and paid for in acceptable foreign currency or its equivalent in goods or services, and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);"

Based on the aforequoted provisions of Section 106(A)(2)(a)(1) of the NIRC of 1997, as amended, in order for an export sale to qualify as zero-rated, the following conditions must be present:

1.) there was sale and actual shipment of goods from the Philippines to a foreign country;
2.) the sale was made by a VAT registered person;

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[35] Exhibit "P-8", Notes to Financial Statements for the years ended December 31, 2014 and 2013, Note 1.a,Court docket, p. 220.

3.) the sale was paid for in acceptable foreign currency or its equivalent in goods or services; and
4.) the payment was accounted for in accordance with the rules and regulations of the BSP.

Corollary to the first requisite, Section 113(A)(1), (B)(1), (2)(c) and (3) of the NIRC of 1997, as amended, and as implemented by Section 4.113-1(A)(1), B(1) and (2)(c) of Revenue Regulations (RR) No. 16-05, as amended, provides that a VAT taxpayer, like herein petitioner, shall for every sale, barter or exchange of goods or properties, issue a VAT invoice which must contain the following information:

> "SEC. 113. *Invoicing and Accounting Requirements for VAT-Registered Persons.* —
>
> (A) *Invoicing Requirements.* — A VAT-registered person shall issue:
>
> (1) A VAT invoice for every sale, barter or exchange of goods or properties; and
>
> xxx xxx xxx
>
> (B) *Information Contained in the VAT Invoice or VAT Official Receipt.* — The following information shall be indicated in the VAT invoice or VAT official receipt:
>
> (1) A statement that the seller is a VAT-registered person, followed by his Taxpayer's Identification Number (TIN);
>
> (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: *Provided, that:*
>
> xxx xxx xxx
>
> (c) If the sale is subject to zero percent (0%) value-added tax, the term 'zero-rated sale' shall be written or printed prominently on the invoice or receipt;
>
> xxx xxx xxx

(3) The date of transaction, quantity, unit cost and description of the goods or properties or nature of the service; and xxx"

"SEC. 4.113-1. *Invoicing Requirements.* —

(A) *A VAT-registered person shall issue:*

(1) A VAT invoice for every sale, barter or exchange of goods or properties; and

xxx xxx xxx

Only VAT-registered persons are required to print their TIN followed by the word "VAT" in their invoice or official receipts. Said documents shall be considered as a "VAT Invoice" or "VAT Official Receipt." All purchases covered by invoices/receipts other than VAT Invoice/VAT Official Receipt shall not give rise to any input tax.

VAT invoice/official receipt shall be prepared at least in duplicate, the original to be given to the buyer and the duplicate to be retained by the seller as part of his accounting records.

(B) *Information contained in VAT Invoice or VAT Official Receipt.* — The following information shall be indicated in VAT invoice or VAT official receipt:

(1) A statement that the seller is a VAT-registered person, followed by his TIN;

(2) The total amount which the purchaser pays or is obligated to pay to the seller with the indication that such amount includes the VAT; *Provided*, That:

xxx xxx xxx

(c) If the sale is subject to zero percent (0%) VAT, the term "zero-rated sale" shall be written or printed prominently on the invoice or receipt;" (*Underscoring supplied*)

In addition to the above requirements, the invoices must be duly registered with the BIR as prescribed under Section 237 in relation to Section 238 of the 1997 NIRC, as amended, to wit:

> "SEC. 237. *Issuance of Receipts or Sales or Commercial Invoices.* — All persons subject to an internal revenue tax shall, for each sale or transfer of merchandise or for services rendered valued at Twenty-five pesos (P25.00) or more, issue duly registered receipts or sales or commercial invoices, prepared at least in duplicate, showing the date of transaction, quantity, unit cost and description of merchandise or nature of service: xxx" (*Underscoring supplied*)
>
> "SEC. 238. *Printing of Receipts or Sales or Commercial Invoices.* — All persons who are engaged in business shall secure from the Bureau of Internal Revenue an authority to print receipts or sales or commercial invoices before a printer can print the same.
>
> No authority to print receipts or sales or commercial invoices shall be granted unless the receipts or invoices to be printed are serially numbered and shall show, among other things, the name, business style, Taxpayer Identification Number (TIN) and business address of the person or entity to use the same, and such other information that may be required by rules and regulations to be promulgated by the Secretary of Finance, upon recommendation of the Commissioner.
>
> xxx xxx xxx"

Pursuant to the foregoing provisions of Section 106(A)(2)(a)(1) of the 1997 NIRC, as amended, in relation to Section 113(A)(1), (B)(1), (2)(c), and (3) of the same Code and Sections 4.113-1(A)(1), B(1), and (2)(c) of RR No. 16-05, any VAT registered person claiming VAT zero-rated direct export sales must present at least three (3) types of documents, to wit: (a) the sales invoice as proof of sale of goods; (b) bill of lading or airway bill as proof of actual shipment of goods from the Philippines to a foreign country; and (c) bank credit advice, certificate of bank remittance or any other document proving payment for the goods in acceptable foreign currency or its equivalent in goods and services.

Further, the sales invoices supporting the export sales must be registered with the BIR and contain all the required information under the law and regulations, such as the imprinted word "zero-rated" and the taxpayer's TIN-VAT number.

After careful examination of the evidence on record, the Court finds that petitioner submitted the aforesaid documents except for the following sales amounting to ₱101,378,116.27 which have no corresponding bank credit advice or proof of foreign currency inward remittances, thus, must be denied VAT zero-rating:

Customer Name	Invoice No.	Zero-rated Sales per Invoice	Exhibit	Inward Remittance per Security Bank's Client Advice	Exhibit	Difference	Philippine Peso Equivalent
Regent Sound Ltd.	0859	US$ 2,312,811.00	P-11-B-17	-	-	US$2,312,811.00	₱ 101,289,557.75
Boasteel Resources International Co., Ltd.	0930	660,340.00	P-11-B-34.1	US$ 658,319.50	P-11-B-34.4	2,020.50	88,558.52[36]
Total		**US$2,973,151.00**		**US$658,319.50**		**US$2,314,831.50**	**₱101,378,116.27**

Sales of goods and services to entities registered with the Philippine Economic Zone Authority (PEZA)

As to petitioner's claimed zero-rated sales of goods and services in the respective amounts of ₱1,434,219,965.79 and ₱298,205,838.98, to PEZA-registered entities, pertinent provisions of Sections 106(A)(2)(a)(5) and 108(B)(3) of the 1997 NIRC of 1997, as amended, state:

"SEC. 106. *Value-added Tax on Sale of Goods or Properties.* –

(A) *Rate and Base of Tax.* xxx

xxx xxx xxx

2) *Zero-rated Sales* – The following sales by VAT-registered persons shall be subject to zero percent (0%) rate:

(a) *Export Sales.* - The term 'export sales' means:

xxx xxx xxx

[36] Computed based on the peso equivalent of U$660,340.00 (₱28,942,702.20).

(5) Those considered export sales under Executive Order No. 226, otherwise known as the 'Omnibus Investments Code of 1987,' and other special laws; and

xxx xxx xxx" (*Underscoring supplied*)

"SEC. 108. *Value-Added Tax on Sale of Services and Use or Lease of Properties.* —

xxx xxx xxx

(B) *Transactions Subject to Zero Percent (0%) Rate.* — The following services performed in the Philippines by VAT-registered persons shall be subject to zero percent (0%) rate:

xxx xxx xxx

(3) Services rendered to persons or entities whose exemption under special laws or international agreements to which the Philippines is a signatory effectively subjects the supply of such services to zero percent (0%) rate;" (*Underscoring supplied*)

Indeed, sales by a VAT taxpayer from the customs territory to entities located in export processing zones are considered export sales under Executive Order (E.O.) No. 226, otherwise known as the "Omnibus Investments Code of 1987", the relevant portions of which read as follows:

"ARTICLE 23. "Export sales" shall mean the Philippine port F.O.B. value, determined from invoices, bills of lading, inward letters of credit, landing certificates, and other commercial documents, of exports products exported directly by a registered export producer or the net selling price of export product sold by a registered export producer to another export producer, or to an export trader that subsequently exports the same: Provided, That sales of export products to another producer or to an export trader shall only be deemed export sales when actually exported by the latter, as evidenced by landing certificates or similar commercial documents: Provided, further, **That without actual exportation the following shall be considered constructively exported for purposes of this provision**: (1) sales to bonded manufacturing warehouses of export-oriented manufacturers; (2) **sales to export processing zones**; xxx" (*Emphasis supplied*)

"ARTICLE 77. *Tax Treatment of Merchandise in the Zone.* – (1) Except as otherwise provided in this Code, foreign and domestic merchandise, raw materials, supplies, articles,

> equipment, machineries, spare parts and wares of every description, except those prohibited by law, brought into the zone to be sold, stored, broken up, repacked, assembled, installed, sorted, cleaned, graded, or otherwise processed, manipulated, manufactured, mixed with foreign or domestic merchandise whether directly or indirectly related in such activity, shall not be subject to customs and internal revenue laws and regulations nor to local tax ordinances, the provisions of law to the contrary notwithstanding.
>
> "(2) **Merchandise purchased by a registered zone enterprise from the customs territory and subsequently brought into the zone, shall be considered as export sales and the exporter thereof shall be entitled to the benefits allowed by law for such transaction.** xxx" (*Emphasis supplied*)

Further, Section 8 of Republic Act (RA) No. 7916[37], as amended, mandates that the PEZA shall manage and operate the ecozones as a separate customs territory, thus:

> "SEC. 8. *ECOZONE to be Operated and Managed as Separate Customs Territory.* – The ECOZONE shall be managed and operated by the PEZA as separate customs territory.
>
> The PEZA is hereby vested with the authority to issue certificate of origin for products manufactured or processed in each ECOZONE in accordance with the prevailing rules or origin, and the pertinent regulations of the Department of Trade and Industry and/or the Department of Finance."

Since the ecozone is viewed as a foreign territory by legal fiction, sales of goods and services made by a VAT-registered person in the Philippine customs territory to an entity registered and operating within the ecozone are considered exports to a foreign country subject to zero percent (0%) VAT. This was elucidated by the Supreme Court in the case of *Commissioner of Internal Revenue vs. Toshiba Information Equipment (Phils.), Inc.* [38], to wit:

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[37] An Act Providing for the Legal Framework and Mechanisms for the Creation, Operation, Administration, and Coordination of Special Economic Zones in the Philippines, Creating for this Purpose, the Philippine Economic Zone Authority (PEZA), and for Other Purposes.

[38] G.R. No. 150154, August 9, 2005.

"This Court agrees, however, **that PEZA-registered enterprises, which would necessarily be located within ECOZONES, are VAT-exempt entities**, not because of Section 24 of Rep. Act No. 7916, as amended, which imposes the five percent (5%) preferential tax rate on gross income of PEZA-registered enterprises, in lieu of all taxes; but, rather, **because of Section 8 of the same statute which establishes the fiction that ECOZONES are foreign territory**.

xxx An ECOZONE or a Special Economic Zone has been described as

> . . . [S]elected areas with highly developed or which have the potential to be developed into agro-industrial, industrial, tourist, recreational, commercial, banking, investment and financial centers whose metes and bounds are fixed or delimited by Presidential Proclamations. An ECOZONE may contain any or all of the following: industrial estates (IEs), export processing zones (EPZs), free trade zones and tourist/recreational centers.

The national territory of the Philippines outside of the proclaimed borders of the ECOZONE shall be referred to as the Customs Territory.

Section 8 of Rep. Act No. 7916, as amended, mandates that the PEZA shall manage and operate the ECOZONES as a separate customs territory; thus, creating the fiction that the ECOZONE is a foreign territory. As a result, sales made by a supplier in the Customs Territory to a purchaser in the ECOZONE shall be treated as an exportation from the Customs Territory. Conversely, sales made by a supplier from the ECOZONE to a purchaser in the Customs Territory shall be considered as an importation into the Customs Territory.

Given the preceding discussion, what would be the VAT implication of sales made by a supplier from the Customs Territory to an ECOZONE enterprise?

The Philippine VAT system adheres to the Cross Border Doctrine, according to which, no VAT shall be imposed to form part of the cost of goods destined for consumption outside of the territorial border of the taxing authority. Hence, actual export of goods and services from the Philippines to a foreign country must be free of VAT; while, those destined for use or consumption a—

> within the Philippines shall be imposed with ten percent (10%) VAT[39]." (*Emphasis supplied*)

To substantiate its zero-rated sales/receipts to PEZA-registered entities, petitioner presented Sales Invoices [40], Security Bank's Credit Advices[41], Billing Statements[42], Official Receipts[43] and Certifications[44] from PEZA. These documents proved that for the year 2014, petitioner sold its products, i.e., nickel ores, to Taganito HPAL Nickel Corporation (THPAL) and rendered services (materials handling services and equipment rental) to Visayas Slaked Lime Corporation (VSLC) and THPAL. Since it was established that both THPAL and VSLC are registered with the PEZA, petitioner's sales to/receipts from these entities in the amounts of ₱1,434,219,965.79 and ₱298,205,838.98 which are duly covered by VAT zero-rated sales invoices and official receipts qualify for VAT zero-rating under Sections 106(A)(2)(a)(5) and 108(B)(3) of the 1997 NIRC, as amended.

Sales of services to non-resident foreign corporations

With reference to petitioner's declared zero-rated sales of services to non-resident foreign corporations, Section 108(B)(2) and (3) of the 1997 NIRC, as amended, provides as follows:

> "SEC. 108. *Value-Added Tax on Sale of Services and Use or Lease of Properties.* –
>
> xxx xxx xxx
>
> (B) *Transactions Subject to Zero Percent (0%) Rate.* – The following services performed in the Philippines by VAT-registered persons shall be subject to zero percent (0%) rate:
>
> xxx xxx xxx
>
> (2) Services other than those mentioned in the preceding paragraph rendered to a person engaged in

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[39] Now at 12% VAT rate.
[40] Exhibits "P-11-B-59" to "P-11-B-70".
[41] Exhibits "P-11-B-59.1" to "P-11-B-70.1".
[42] Exhibits "P-11-B-105" to "P-11-B-141".
[43] Exhibits "P-11-B-105.1" to "P-11-B-141.1".
[44] Exhibits "P-11-B-142" to "P-11-B-143".

> business conducted outside the Philippines or to a nonresident person not engaged in business who is outside the Philippines when the services are performed, the consideration for which is paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP); xxx"

In the case of *Commissioner of Internal Revenue vs. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.*[45], the Supreme Court held that in order for the supply of services to be VAT zero-rated under Section 108(B)(2) of the NIRC of 1997, as amended, the following requisites must be met:

1. the services must be other than processing, manufacturing or repacking of goods;
2. payment for such services must be in acceptable foreign currency accounted for in accordance with the BSP rules and regulations; and
3. the recipient of such services is doing business outside the Philippines.

Based on petitioner's submitted billing statements, official receipts and bank credit advices[46], the claimed zero rated sales/receipts of ₱23,478,725.99 arose from "Laytime Saved" by petitioner at loading point for the nickle ore shipments. In her Judicial Affidavit[47], petitioner's Vice-President for Finance, Ms. Lennie A. Terre, explained that this represents "Dispatch income which is a form of premium payment or reward for early completion of ore loading or when ore loading is made earlier than the allowed loading days based on the contract terms. This is an additional payment to the contract price of the ores and is billed by and paid to petitioner in US Dollars thru the Philippine banking system."

Clearly, petitioner complied with the first and second requisites considering that the amount of ₱23,478,725.99 pertains to services which fall within the scope of "services other than processing, manufacturing or repacking of goods" and that the same was paid for in acceptable foreign currency

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[45] G.R. No.153205, January 22, 2007.
[46] Exhibits "P-11-B-71" to "P-11-B-104.2".
[47] Exhibit "P-10", Q&A No. 5(e), Court docket, p. 145.

duly accounted for in accordance with the rules and regulations of the BSP.

However, petitioner failed to comply with the equally important third requisite, i.e., that its non-resident foreign clients were doing business outside the Philippines.

This Court has consistently held that for an entity to be considered a non-resident foreign corporation doing business outside the Philippines, the said entity must be supported at the very least, by the Certification of Non-Registration of Corporation/Partnership duly issued by the Securities and Exchange Commission (SEC) and proof of incorporation or registration in a foreign country (e.g., Certificate of Incorporation, Memorandum and Articles of Association, or Certificate of Registration) or any other equivalent document.

For failure to present the aforesaid documents, petitioner's reported zero-rated sales/receipts in the amount ₱23,478,725.99 shall be disallowed.

In sum, out of the reported sales in CY 2014 of ₱8,800,661,932.71, only the amount of ₱8,675,805,090.45 represents petitioner's valid zero-rated sales/receipts, computed as follows:

Zero-Rated Sales/Receipts per VAT Returns	₱ 8,800,661,932.71
Less: Disallowances	
a. Sales of goods to non-resident foreign corporations without foreign currency inward remittances	₱ 101,378,116.27
b. Sales of services to non-resident foreign corporations without proof that such were doing business outside the Philippines	23,478,725.99
Total Disallowances	₱ 124,856,842.26
Valid Zero-Rated Sales/Receipts	**₱8,675,805,090.45**

Petitioner incurred/paid input taxes attributable to zero-rated sales/receipts and said input taxes were not applied against any output VAT liability.

Having resolved that petitioner had valid VAT zero-rated sales/receipts for the four quarters of CY 2014 in the amount of ₱8,675,805,090.46, we proceed to the determination of whether petitioner incurred input taxes in connection therewith and if said input taxes were not applied against any output VAT liability of petitioner.

In its Quarterly VAT Returns for the four quarters of CY 2014, petitioner reflected a total amount of ₱30,160,760.33 allowable input VAT arising from its amortization of input VAT on purchases of capital goods exceeding ₱1 million, domestic purchases and importation of goods other than capital goods, and domestic purchases of services, detailed as follows:

	1st Quarter[48]	**2nd Quarter**[49]	**3rd Quarter**[50]	**4th Quarter**[51]	**Total**
Input Tax Deferred on Capital Goods exceeding ₱1 Million from Previous Quarter	₱ 65,384,924.63	₱ 60,066,168.09	₱ 56,834,972.27	₱ 50,250,798.32	₱ 65,384,924.63
Add: Input Tax on Capital Goods exceeding ₱1 Million Purchased this Quarter	1,255,570.43	3,566,657.57	245,892.87	401,110.00	5,469,230.87
Total Unamortized Input Tax on Capital Goods exceeding ₱1 Million	66,640,495.06	63,632,825.66	57,080,865.14	50,651,908.32	70,854,155.50
Less: Input Tax on Purchases of Capital Goods exceeding ₱1 Million deferred for the succeeding period	60,066,168.09	56,834,972.27	50,250,798.32	43,803,818.55	43,803,818.55
Amortization of Input Tax on Capital Goods exceeding ₱1 Million	₱ 6,574,326.97	₱ 6,797,853.39	₱ 6,830,066.82	₱ 6,848,089.77	₱ 27,050,336.95
Add: Input Tax on:					
Domestic Purchases of Goods Other than Capital Goods	15,859.23	6,925.68	3,150.17	6,276.66	32,211.74
Importation of Goods other than Capital Goods	-	205,237.00	2,403,204.00	-	2,608,441.00
Domestic Purchase of Services	54,688.10	59,663.36	106,620.99	248,798.19	469,770.64
Total	70,547.33	271,826.04	2,512,975.16	255,074.85	3,110,423.38
Total Allowable Input Tax	**₱6,644,874.30**	**₱7,069,679.43**	**₱9,343,041.98**	**₱7,103,164.62**	**₱30,160,760.33**

Of the ₱30,160,760.33 declared input VAT, petitioner's application for refund/tax credit filed with the BIR was only ₱29,581,266.94 [52] representing ₱26,972,825.94 [53] input VAT amortization on capital goods exceeding ₱1 million and ₱2,608,441.00 input VAT on importation of goods other than

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[48] Exhibits "P-11-A-42" to "P-11-A-42.5".
[49] Exhibits "P-11-A-43" to "P-11-A-43.5".
[50] Exhibits "P-11-A-44" to "P-11-A-44.5".
[51] Exhibits "P-11-A-45" to "P-11-A-45.5".
[52] Exhibit "P-1-C".
[53] Lower by ₱77,511.01 when compared to the reported amount of ₱27,050,336.95.

capital goods. However, the administrative claim of ₱29,581,266.94 was reduced to ₱28,926,837.00 when petitioner filed its Petition for Review before this Court. The reduction in petitioner's claim was explained by petitioner's Vice-President for Finance, Ms. Lennie A. Terre, in her Judicial Affidavit[54], as follows:

"Q31: Can you tell us what has happened to the claim filed with the Respondent?

A31: On May 12, 2016, Petitioner received from the Respondent an undated letter stating that out of Petitioner's claim in the amount of ₱29,581,267.00, it is approving for refund the amount of ₱21,330,738.32, as follows:

PARTICULARS	BIR	BOC	TOTAL
Total applied for TCC	654,430.00	28,926,837.00	29,581,267.00
Less: Disallowance	141,546.61	8,108,982.07	8,250,528.68
NET REFUNDABLE AMOUNT	**512,883.39**	**20,817,854.93**	**21,330,738.32**

Simultaneous with the issuance of the aforesaid letter, Respondent issued to the Petitioner, a tax credit certificate in the amount of ₱512,883.39.

Subsequently, we were furnished a copy of an endorsement letter addressed to the Commissioner of the Bureau of Customs (BOC) stating the Respondent's approval of Petitioner's VAT credit claim from importation of goods in the amount of ₱20,817,854.93.

Q33: Why are you still pursuing this claim despite the said endorsement?

A32: Petitioner disagrees with the disallowance of **Eight Million One Hundred Eight Thousand Nine Hundred Eighty Two and 07/ Pesos (₱8,108,982.07)** on the BOC portion of the total claim amounting to **Twenty Eight Million Nine Hundred Twenty Six Thousand Eight Hundred Thirty Seven Pesos (₱28,926,837.00)**. Also, the BOC endorsement has not translated into the issuance of any TCC by or cash refund from the BOC, so that at this point, it is still

[54] Exhibit "P-10".

> worth nothing but a piece of paper which would not ensure the enforcement of the company's right to refund. We are, however, following up the approval of the release of any TCC or cash refund from the BOC and in the event that this actually happens, we undertake to advice to this Court."

The Court-commissioned ICPA confirmed that petitioner's input VAT claim of ₱28,926,837.00 pertains only to importation of capital goods and non-capital goods as supported by the following documents:[55]

Particulars	Input VAT Claim
1. Input VAT on Importation of capital goods supported by Import Entry and Internal Revenue Declarations (IEIRDs) and Security Bank's Debit Advice forms	₱ 25,498,784.85
2. Input VAT on Importation of capital goods supported by Certified True Copy IEIRDs and Security Bank's Debit Advice forms	819,612.00
3. Input VAT on Importation of non-capital goods supported by IEIRDs, Sales Invoices and Security Bank's Debit Advice forms	2,608,441.00
Total Input VAT	**₱28,926,837.85**

The input VAT claims of ₱25,498,784.85 and ₱819,612.00 totalling ₱26,318,396.85 represent the amortized portion on petitioner's importation of capital goods exceeding ₱1 million, detailed as follows:

Reference to Exhibit "P-11-B"	Exhibit	Description[56]	Date Purchased[57]	Input VAT Amortization for CY 2014
Annex D	P-11-A-30 to P-11-A-30.3	5 Volvo Dump Truck	03-Jun-10	₱ 819,612.00
Annex C1	P-11-A-1 to P-11-A-1.2	12 Volvo Dump Truck	19-Apr-11	3,005,490.52
	P-11-A-2 to P-11-A-2.3	1 Volvo Motor	10-May-11	229,672.25
	P-11-A-3 to P-11-A-3.3	4 Volvo Dump Truck	28-Jun-11	771,129.00
Annex C2	P-11-A-5 to P-11-A-5.2	Volvo FMX37064R	10-Feb-12	163,839.00
	P-11-A-4 to P-11-A-4.3	6 Caterpillar Wheel	10-Feb-12	1,939,248.00
	P-11-A-6 to P-11-	9 Volvo Dump	21-Mar-12	1,520,336.00

[55] Exhibit "P-11-B", Findings and Observations, p. 8.
[56] Per Schedule 3 of the Quarterly VAT Returns.
[57] *Id.*

	A-6.2	Truck		
	P-11-A-7 to P-11-A-7.1	2 Caterpillar Motor	10-Apr-12	577,718.00
	P-11-A-8 to P-11-A-8.2	9 Volvo Dump Truck	16-Apr-12	1,980,087.00
	P-11-A-9 to P-11-A-9.1	10 Volvo Dump Truck	24-May-12	2,195,266.75
	P-11-A-10 to P-11-A-10.1	Volvo Motor Grade	03-Jul-12	228,766.99
	P-11-A-11 to P-11-A-11.1	2 Volvo Wheel Loader	14-Aug-12	567,932.50
	P-11-A-12 to P-11-A-12.2	Forklift	12-Nov-12	60,364.99
	P-11-A-13 to P-11-A-13.1	Sandvik	27-Dec-12	466,294.00
Annex C3	P-11-A-14 to P-11-A-14.2	7 Volvo Hyd Excavator	21-Jan-13	1,239,405.75
	P-11-A-16 to P-11-A-16.2	5 Wheel Loader	06-Mar-13	1,270,289.00
	P-11-A-15 to P-11-A-15.2	2 Hydraulic Excavator	06-Mar-13	489,021.25
	P-11-A-17 to P-11-A-17.2	Wheel Loader	12-Mar-13	291,355.00
	P-11-A-18 to P-11-A-18.1	5 Dump Truck	12-Mar-13	1,108,712.75
	P-11-A-19 to P-11-A-19.2	2 Volvo Motor Grade	01-Apr-13	226,505.25
	P-11-A-20 to P-11-A-20.1	2 Volvo Dump Truck	03-Apr-13	436,490.25
	P-11-A-21 to P-11-A-21.1	7 Volvo Dump Truck	18-Apr-13	1,560,936.00
	P-11-A-22 to P-11-A-22.2	12 Volvo Dump Truck	10-May-13	2,644,348.25
	P-11-A-23 to P-11-A-23.1	1 Unit FMX	20-May-13	225,178.00
	P-11-A-24 to P-11-A-24.1	6 Volvo FMX	25-Jun-13	1,438,683.25
Annex C4	P-11-A-25 to P-11-A-25.1	1 Terrain Crane	06-Feb-14	216,161.23
	P-11-A-27 to P-11-A-27.1	Lowbed Trailer	01-Apr-14	81,921.56
	P-11-A-26 to P-11-A-26.1	2 Wheel Loader	01-Apr-14	468,846.19
	P-11-A-28 to P-11-A-28.1	1 Truck Tractor	02-Jun-14	69,715.77
	P-11-A-29 to P-11-A-29.1	1 Manlift Truck	29-Oct-14	25,069.37
Total				**₱26,318,395.88**[58]

[58] Lower by ₱0.97 due to rounding-off.

A scrutiny of petitioner's supporting documents shows that the input VAT claim of ₱26,318,395.88 requires a downward adjustment in the amount of ₱2,007,306.40 for not being properly substantiated in accordance with Section 4.110-8(a)(1) of RR No. 16-05:

Reference to ICPA Report	**Exhibit**	**Description**	**Date Purchased**			**Disallowed Input VAT Amortization for CY 2014**
Supported by Certified True Copy of IEIRD and Security Bank's Debit Advice but the payment reflected in the Debit Advice is insufficient						
Annex D	P-11-A-30 to P-11-A-30.3	5 Volvo Dump Truck	03-Jun-10	Advance Duties paid	₱1,093,531.00	
				Less:CUD/IPF	992,748.00	
				Amount attributed to VAT	100,783.00	
				Input VAT claimed	4,098,060.00	
				Input VAT payment deficiency	3,997,277.00	
				Divide by amortization period (in months)	60	
				Multiply by period amortized for 1st to 4th qtrs.- 2014	12	₱ 799,455.40
Supported by IEIRD and Sales Invoice but without proof of VAT payment						
Annex C2	P-11-A-5 to P-11-A-5.2	Volvo FMX37064R	10-Feb-12			163,839.00
Supported by unreadable IEIRD and Security Bank's Debit Advice which does not show VAT payment						
Annex C2	P-11-A-7 to P-11-A-7.1	2 Caterpillar Motor	10-Apr-12			577,718.00
	P-11-A-13 to P-11-A-13.1	Sandvik	27-Dec-12			466,294.00
					Total	**₱2,007,306.40**

With regard to the ₱2,608,441.00 input VAT claim on importation of non-capital goods, the same is broken down as follows:

Reference to ICPA Report	Exhibit	Supplier	Date Purchased	Allowable Input for CY 2014
Annex E	P-11-A-31 to P-11-A-31.3	Ellton Conveyers	28-Apr-14[59]	₱ 205,237.00
	P-11-A-32 to P-11-A-32.2	YBM Co Ltd	13-Jun-14	91,181.00
	P-11-A-33 to P-11-A-33.6	Ellton Conveyers Pty Ltd	06-Jun-14	2,312,023.00
Total				**₱2,608,441.00**

The Court observed that the importation made by petitioner from YBM Co. Ltd is supported by IEIRD showing a VAT amount of only ₱25,476.64. Hence, the difference of ₱65,704.36 (₱91,181.00 less ₱25,476.64) shall be disallowed from petitioner's claim.

In sum, petitioner was able to properly substantiate its input VAT claim to the extent of ₱26,853,826.24, computed as follows:

Input VAT Claim	₱ 28,926,837.00
Less: Disallowances	
1. Supported by Certified True Copy of IEIRD and Security Bank's Debit Advice but the payment reflected in the Debit Advice is insufficient	₱ 799,455.40
2. Supported by IEIRD and Sales Invoice but without proof of VAT payment	163,839.00
3. Supported by unreadable IEIRD and Security Bank's Debit Advice which does not show VAT payment	1,044,012.00
4. Supported by IEIRD showing a lower amount of input VAT	65,704.36
Total Disallowances	₱ 2,073,010.76
Properly Substantiated Input VAT	**₱26,853,826.24**

However, considering that petitioner had also reported Vatable and exempt sales/receipts, and its input VAT cannot be directly identified with specific sales, we shall allocate the valid input VAT proportionately on the basis of the volume of petitioner's sales pursuant to Section 112(A) of the NIRC of 1997, as amended, computed as follows:

[59] Per IEIRD.

	Amount[60]	**Allocation Factor (Percentage to Total Sales/Receipts)**
Vatable Sales/Receipts	₱ 1,593,836.60	0.01782949%
Zero-Rates Sales/Receipts	8,800,661,932.71	**98.4487820%**
Exempt Sales/Receipts	137,074,667.05	1.5333885%
Total Sales/Receipts	₱ 8,939,330,436.36	100.0000000%
Net Substantiated Input VAT		₱ 26,853,826.24
Allocated as follows:		
Vatable Sales/Receipts		4,787.90
Zero-Rates Sales/Receipts		**26,437,264.85**
Exempt Sales/Receipts		411,773.49
Total		₱ 26,853,826.24

After deducting the input VAT attributable to VATable sales/receipts in the amount of ₱4,787.90 from petitioner's output VAT liability of ₱191,260.39, petitioner still has a net output VAT payable of ₱186,472.49, computed as follows:

Output VAT Payable		
1st Quarter *(Exhibit "P-11-A-42")*	₱ 32,022.86	
2nd Quarter (*Exhibit "P-11-A-43")*	39,557.89	
3rd Quarter *(Exhibit "P-11-A-44")*	76,933.93	
4th Quarter *(Exhibit "P-11-A-45")*	42,745.71	₱ 191,260.39
Less: Input VAT attributable to Vatable Sales		4,787.90
Net Output VAT Payable		**₱ 186,472.49**

Petitioner also submitted in evidence the documents supporting its reported input VAT on domestic purchases of services and goods (other than capital goods) for CY 2014 in the respective amounts of ₱469,770.64 and ₱32,211.74 which were summarized in Annex I of the ICPA report[61]. However, the summary shows a higher input VAT amount of ₱979,540.45.

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[60] Exhibits "P-11-A-42" to "P-11-A-45".

[61] Exhibit "P-11-B".

Further, the Court noted that the amount of ₱979,540.45 included an input VAT of ₱709,392.86 related to petitioner's domestic purchases of capital goods, the amortized portion of which in the amount of ₱106,962.50 formed part of the ₱512,883.39 claim for which a TCC was already issued in favor of petitioner. Below is the breakdown of the amount of ₱106,962.50[62]:

Exhibit	Date Purchased	Sales Invoice No.	Description	Input VAT	Est. Life (in months)	Amortized Portion allowable for the CY 2014
1st Quarter						
P-11-A-81	29-Jan-14	V112916	Toyota Hi-Lux	₱ 146,250.00	60	₱ 29,250.00
P-11-A-132	26-Feb-14	A123355	1 Toyota Grandia	166,071.43	60	30,446.43
2nd Quarter						
P-11-A-221	30-Apr-14	B38858	Toyota Hi-Lux	151,178.57	60	22,676.79
3rd Quarter						
P-11-A-341, P-11-A-341.1 and P-11-A-341.2	02-Jul-14	6472, 6473 and 6474	3 Suzuki Jimny	245,892.86	60	24,589.29
Total				**₱709,392.86**		**₱106,962.50**

As to the remaining input VAT of ₱270,147.59 (₱979,540.45 less ₱709,392.86), the amount of ₱200,184.83 should be disallowed for not being properly substantiated by VAT invoices or receipts as prescribed under Sections 110(A), 113(A) and (B), 237, and 238 of the NIRC of 1997, as amended, and as implemented by Sections 4.110-1, 4.110-2, 4.110-8, and 4.113-1 of RR No. 16-05, as amended:

Exhibit	Supplier Name	Document No.	Date	Input VAT
INPUT VAT SUPPORTED BY UNDATED SALES INVOICE				
P-11-A-240	New Family Drug & General Merchandise (Lim, Lance Lemuel Ling)	163989	-	₱ 16.93
INPUT VAT SUPPORTED BY ACKNOWLEDGEMENT RECEIPTS				
P-11-A-54	LBC Express, Inc.	SUG01143990	07-Jan-14	17.14

[62] BIR Records, pp. 440-442.

P-11-A-55	LBC Express, Inc.	SUG01144077	08-Jan-14	14.46
P-11-A-56	LBC Express, Inc.	SUG01143988	07-Jan-14	18.21
P-11-A-57	LBC Express, Inc.	SUG01144348	10-Jan-14	14.46
P-11-A-58	LBC Express, Inc.	SUG01144345	10-Jan-14	18.21
P-11-A-59	LBC Express, Inc.	SUG01144351	10-Jan-14	26.79
P-11-A-60	LBC Express, Inc.	SUG01144576	12-Jan-17	580.18
P-11-A-61	LBC Express, Inc.	SUG01144876	15-Jan-14	26.79
P-11-A-62	LBC Express, Inc.	SUG01144349	10-Jan-14	18.21
P-11-A-63	LBC Express, Inc.	SUG01145034	16-Jan-14	18.21
P-11-A-64	LBC Express, Inc.	SUG01145607	22-Jan-14	26.79
P-11-A-65	LBC Express, Inc.	SUG01145114	17-Jan-14	18.21
P-11-A-66	LBC Express, Inc.	SUG01145807	24-Jan-14	234.64
P-11-A-67	LBC Express, Inc.	SUG01145789	24-Jan-14	18.21
P-11-A-68	LBC Express, Inc.	SUG01145860	25-Jan-14	18.21
P-11-A-69	LBC Express, Inc.	SUG01146315	29-Jan-14	26.79
P-11-A-70	LBC Express, Inc.	SUG01146316	29-Jan-14	26.79
P-11-A-71	LBC Express, Inc.	SUG01146104	28-Jan-14	18.21
P-11-A-72	LBC Express, Inc.	SUG01146550	31-Jan-14	18.21
P-11-A-103	LBC Express, Inc.	SUG01146820	02-Feb-14	33.75
P-11-A-104	LBC Express, Inc.	SUG01147285	06-Feb-14	10.71
P-11-A-105	LBC Express, Inc.	SUG01147425	07-Feb-14	26.79
P-11-A-106	LBC Express, Inc.	SUG01147423	07-Feb-14	18.21
P-11-A-107	LBC Express, Inc.	SUG01147422	07-Feb-14	18.21
P-11-A-108	LBC Express, Inc.	SUG01147826	11-Feb-14	26.79
P-11-A-109	LBC Express, Inc.	SUG01147828	11-Feb-14	26.79
P-11-A-110	LBC Express, Inc.	SUG01147829	11-Feb-14	26.79
P-11-A-111	LBC Express, Inc.	SUG01148040	12-Feb-14	26.79
P-11-A-112	LBC Express, Inc.	SUG01148268	14-Feb-14	26.79
P-11-A-113	LBC Express, Inc.	SUG01148269	14-Feb-14	18.21
P-11-A-114	LBC Express, Inc.	SUG01148431	15-Feb-16	18.21
P-11-A-115	LBC Express, Inc.	SUG01148598	16-Feb-14	84.11
P-11-A-116	LBC Express, Inc.	SUG01148833	18-Feb-14	14.46
P-11-A-117	LBC Express, Inc.	SUG01149178	21-Feb-14	14.46
P-11-A-118	LBC Express, Inc.	SUG01149433	23-Feb-14	10.71
P-11-A-119	LBC Express, Inc.	SUG01149540	24-Feb-14	15.00
P-11-A-143	LBC Express, Inc.	SUG0001150464	04-Mar-14	26.79
P-11-A-144	LBC Express, Inc.	SUG01151148	08-Mar-14	26.79
P-11-A-145	LBC Express, Inc.	SUG01151183	09-Mar-14	26.79
P-11-A-146	LBC Express, Inc.	SUG01151185	09-Mar-14	26.79
P-11-A-147	LBC Express, Inc.	SUG01151281	09-Mar-14	95.89
P-11-A-148	LBC Express, Inc.	SUG01151478	11-Mar-14	26.79
P-11-A-149	LBC Express, Inc.	SUG01151826	14-Mar-14	26.79
P-11-A-150	LBC Express, Inc.	SUG01151827	14-Mar-14	26.79
P-11-A-151	LBC Express, Inc.	SUG01151878	14-Mar-14	14.46

P-11-A-152	LBC Express, Inc.	SUG01152090	16-Mar-14	26.79
P-11-A-153	LBC Express, Inc.	SUG01152091	16-Mar-14	26.79
P-11-A-154	LBC Express, Inc.	SUG01152968	23-Mar-14	26.79
P-11-A-155	LBC Express, Inc.	SUG01153180	25-Mar-14	271.61
P-11-A-156	LBC Express, Inc.	SUG01153185	25-Mar-14	255.54
P-11-A-157	LBC Express, Inc.	SUG01153184	25-Mar-14	279.64
P-11-A-158	LBC Express, Inc.	SUG01153183	25-Mar-14	287.68
P-11-A-159	LBC Express, Inc.	SUG01153609	28-Mar-14	26.79
P-11-A-160	LBC Express, Inc.	SUG01153610	28-Mar-14	26.79
P-11-A-186	LBC Express, Inc.	SUG01156524	27-Apr-14	18.21
P-11-A-187	LBC Express, Inc.	SUG01154956	09-Apr-14	26.79
P-11-A-188	LBC Express, Inc.	SUG01154902	09-Apr-14	18.21
P-11-A-189	LBC Express, Inc.	SUG01154233	02-Apr-14	17.14
P-11-A-190	LBC Express, Inc.	SUG01155762	17-Apr-14	26.79
P-11-A-191	LBC Express, Inc.	SUG01155951	22-Apr-14	18.21
P-11-A-192	LBC Express, Inc.	SUG01155182	12-Apr-14	26.79
P-11-A-193	LBC Express, Inc.	SUG01156684	29-Apr-14	18.21
P-11-A-194	LBC Express, Inc.	SUG01155284	13-Apr-14	10.71
P-11-A-195	LBC Express, Inc.	SUG01155282	13-Apr-14	10.71
P-11-A-196	LBC Express, Inc.	SUG01155283	13-Apr-14	10.71
P-11-A-228	LBC Express, Inc.	SUG01157614	08-May-14	26.79
P-11-A-229	LBC Express, Inc.	SUG01157822	10-May-14	26.79
P-11-A-230	LBC Express, Inc.	SUG01158945	22-May-14	10.71
P-11-A-231	LBC Express, Inc.	SUG01158348	15-May-14	26.79
P-11-A-232	LBC Express, Inc.	SUG01157821	10-May-14	26.79
P-11-A-233	LBC Express, Inc.	SUG01157819	10-May-14	26.79
P-11-A-234	LBC Express, Inc.	SUG01159327	25-May-17	17.14
P-11-A-235	LBC Express, Inc.	SUG01159612	28-May-14	41.79
P-11-A-236	LBC Express, Inc.	SUG01159607	28-May-14	10.71
P-11-A-237	LBC Express, Inc.	SUG01156941	01-May-14	14.46
P-11-A-238	LBC Express, Inc.	SUG01157621	08-May-14	18.21
P-11-A-263	LBC Express, Inc.	SUG01161293	14-Jun-14	57.86

P-11-A-264	LBC Express, Inc.	SUG01161059	12-Jun-14	41.79
P-11-A-265	LBC Express, Inc.	SUG01160349	04-Jun-14	18.21
P-11-A-266	LBC Express, Inc.	SUG01161128	12-Jun-14	18.21
P-11-A-267	LBC Express, Inc.	SUG01160506	06-Jun-14	18.21
P-11-A-268	LBC Express, Inc.	SUG01162307	25-Jun-14	26.79
P-11-A-269	LBC Express, Inc.	SUG01160505	06-Jun-14	18.21
P-11-A-270	LBC Express, Inc.	SUG01162575	28-Jun-14	18.21
P-11-A-271	LBC Express, Inc.	SUG01160994	11-Jun-14	18.21
P-11-A-272	LBC Express, Inc.	SUG01161058	12-Jun-14	18.21
P-11-A-273	LBC Express, Inc.	SUG011610225	03-Jun-14	10.71
P-11-A-312	LBC Express, Inc.	SUG01163826	10-Jul-14	18.21
P-11-A-313	LBC Express, Inc.	SUG01165036	23-Jul-14	18.21
P-11-A-314	LBC Express, Inc.	SUG01164492	17-Jul-14	18.21
P-11-A-315	LBC Express, Inc.	SUG01163108	03-Jul-14	18.21
P-11-A-316	LBC Express, Inc.	SUG01163687	09-Jul-14	18.21
P-11-A-317	LBC Express, Inc.	SUG01164902	22-Jul-14	10.71
P-11-A-318	LBC Express, Inc.	SUG01163110	03-Jul-14	18.75
P-11-A-319	LBC Express, Inc.	SUG01164126	13-Jul-14	18.21
P-11-A-320	LBC Express, Inc.	SUG01164047	12-Jul-14	26.79
P-11-A-321	LBC Express, Inc.	SUG01165763	31-Jul-14	14.46
P-11-A-354	LBC Express, Inc.	01165860	01-Aug-14	18.21
P-11-A-355	LBC Express, Inc.	01166957	12-Aug-14	26.79
P-11-A-356	LBC Express, Inc.	01166956	12-Aug-14	18.21
P-11-A-357	LBC Express, Inc.	01167082	13-Aug-14	18.21
P-11-A-358	LBC Express, Inc.	031000062876	19-Jul-14	18.75
P-11-A-359	LBC Express, Inc.	01167918	21-Aug-14	81.96
P-11-A-403	LBC Express, Inc.	SUG01168884	02-Sep-14	14.46

P-11-A-404	LBC Express, Inc.	SUG01169367	05-Sep-14	26.79
P-11-A-405	LBC Express, Inc.	SUG01169763	10-Sep-14	26.79
P-11-A-406	LBC Express, Inc.	SUG01169914	19-Sep-14	18.21
P-11-A-407	LBC Express, Inc.	SUG01170742	11-Sep-14	11.25
P-11-A-437	LBC Express, Inc.	SUG01171819	01-Oct-14	18.21
P-11-A-438	LBC Express, Inc.	SUG01173323	16-Oct-14	18.21
P-11-A-439	LBC Express, Inc.	SUG01173076	14-Oct-14	18.21
P-11-A-440	LBC Express, Inc.	SUG01174416	28-Oct-14	10.71
P-11-A-441	LBC Express, Inc.	SUG01173170	15-Oct-14	18.21
P-11-A-442	LBC Express, Inc.	SUG01173609	19-Oct-14	41.79
P-11-A-443	LBC Express, Inc.	SUG01172122	03-Oct-14	18.21
P-11-A-444	LBC Express, Inc.	SUG01173607	19-Oct-14	18.21
P-11-A-445	LBC Express, Inc.	SUG01172874	11-Oct-14	10.71
P-11-A-446	LBC Express, Inc.	SUG01173696	20-Oct-14	44.46
P-11-A-447	LBC Express, Inc.	SUG01174002	23-Oct-14	11.25
P-11-A-448	LBC Express, Inc.	SUG01172558	08-Oct-14	10.71
P-11-A-449	LBC Express, Inc.	SUG01172147	03-Oct-14	10.71
P-11-A-450	LBC Express, Inc.	SUG01172758	10-Oct-14	18.21
P-11-A-451	LBC Express, Inc.	SUG01172876	11-Oct-14	26.79
P-11-A-452	LBC Express, Inc.	SUG01174214	26-Oct-14	26.79
P-11-A-453	LBC Express, Inc.	SUG01174537	29-Oct-14	26.79
P-11-A-489	LBC Express, Inc.	SUG01174860	03-Nov-14	18.21
P-11-A-490	LBC Express, Inc.	SUG01175407	07-Nov-14	18.21
P-11-A-491	LBC Express, Inc.	SUG01175488	10-Nov-14	18.21
P-11-A-492	LBC Express, Inc.	SUG01175742	11-Nov-14	26.79
P-11-A-493	LBC Express, Inc.	SUG01175741	11-Nov-14	18.21
P-11-A-494	LBC Express, Inc.	SUG01175939	13-Nov-14	42.32

P-11-A-495	LBC Express, Inc.	SUG01176068	15-Nov-14	26.79
P-11-A-496	LBC Express, Inc.	SUG01176861	22-Nov-14	18.21
P-11-A-497	LBC Express, Inc.	SUG01177533	29-Nov-14	10.71
P-11-A-498	LBC Express, Inc.	SUG01176939	23-Nov-14	10.71
P-11-A-557	LBC Express, Inc.	SUG01180395	28-Dec-14	26.79
P-11-A-558	LBC Express, Inc.	SUG01178103	05-Dec-14	26.79
P-11-A-559	LBC Express, Inc.	SUG01178774	13-Dec-14	18.21
P-11-A-560	LBC Express, Inc.	SUG01178903	14-Dec-14	18.21
P-11-A-561	LBC Express, Inc.	SUG01178773	13-Dec-14	26.79
P-11-A-562	LBC Express, Inc.	SUG01179067	16-Dec-14	26.79
P-11-A-563	LBC Express, Inc.	SUG01179422	19-Dec-14	26.79
P-11-A-564	LBC Express, Inc.	SUG01179423	19-Dec-14	26.79
P-11-A-565	LBC Express, Inc.	SUG01179381	19-Dec-14	18.21
P-11-A-566	LBC Express, Inc.	SUG01179383	19-Dec-14	26.79
INPUT VAT SUPPORTED BY BILLING STATEMENTS				
P-11-A-53	J.A.R.C. Construction Company	0205	24-Jan-14	2,014.29
P-11-A-552	Infor International Software, Inc.	0169	17-Dec-14	136,741.38
INPUT VAT SUPPORTED BY STATEMENT OF ACCOUNTS				
P-11-A-133	Wayfair Tours, Inc.	1755	11-Feb-14	858.00
P-11-A-134	Wayfair Tours, Inc.	1950	22-Feb-14	1,388.00
P-11-A-135	Wayfair Tours, Inc.	1957	22-Feb-14	727.00
P-11-A-136	Wayfair Tours, Inc.	2060	28-Feb-14	528.00
P-11-A-137	Wayfair Tours, Inc.	2059	28-Feb-14	432.00
P-11-A-76 and P-11-A-76.1	PLDT PHILCOM	0215201204	01-Jan-14	75.76
P-11-A-77 and P-11-A-77.1	PLDT PHILCOM	0215201342	01-Jan-14	180.29
P-11-A-79 and P-11-A-79.1	Smart Broadband, Inc.	0215267508	01-Jan-14	49.20
P-11-A-80	Smart Broadband, Inc.	0215267695	01-Jan-14	131.03
P-11-A-126 and P-11-A-126.1	PLDT PHILCOM	0218340178	01-Feb-14	189.23
P-11-A-127	PLDT PHILCOM	0218339433	01-Feb-14	73.31

and P-11-A-127.1				
P-11-A-128 and P-11-A-128.1	Smart Broadband, Inc.	0218407135	01-Feb-14	116.36
P-11-A-129 and P-11-A-129.1	Smart Broadband, Inc.	0218405506	01-Feb-14	49.20
P-11-A-165 and P-11-A-165.1	PLDT PHILCOM	221504844	01-Mar-14	195.45
P-11-A-166 and P-11-A-166.1	PLDT PHILCOM	221503707	01-Mar-14	74.29
P-11-A-170 and P-11-A-170.1	Smart Broadband, Inc.	221569828	01-Mar-14	49.20
P-11-A-171 and P-11-A-171.1	Smart Broadband, Inc.	221570600	01-Mar-14	163.75
P-11-A-176	Wayfair Tours, Inc.	2259	14-Mar-14	1,248.00
P-11-A-216 and P-11-A-216.1	PLDT PHILCOM	224693030	01-Apr-14	93.93
P-11-A-217 and P-11-A-217.1	PLDT PHILCOM	224693601	01-Apr-14	202.21
P-11-A-220 and P-11-A-220.1	Smart Broadband, Inc.	224759390	01-Apr-14	134.45
P-11-A-222	Wayfair Tours, Inc.	2809	05-Apr-14	1,006.00
P-11-A-223	Wayfair Tours, Inc.	2852	08-Apr-14	1,006.00
P-11-A-243 and P-11-A-243.1	PLDT PHILCOM	227908673	01-May-14	180.07
P-11-A-244 and P-11-A-244.1	PLDT PHILCOM	227908863	01-May-14	89.02
P-11-A-245 and P-11-A-245.1	PLDT PHILCOM	231137368	01-Jun-14	31.25
P-11-A-246 and P-11-A-246.1	Smart Broadband, Inc.	224759133	01-Apr-14	62.29
P-11-A-247 and P-11-A-247.1	Smart Broadband, Inc.	231203985	01-Jun-14	84.03
P-11-A-248 and P-11-A-248.1	Smart Broadband, Inc.	227976384	01-May-14	49.20
P-11-A-250	Wayfair Tours, Inc.	3300	10-May-	

			14	1,356.00
P-11-A-251	Wayfair Tours, Inc.	3368	15-May-14	1,200.00
P-11-A-282 and P-11-A-282.1	PLDT PHILCOM	231137024	01-Jun-14	84.60
P-11-A-283 and P-11-A-283.1	PLDT PHILCOM	231137368	01-Jun-14	172.49
P-11-A-291 and P-11-A-291.1	Smart Broadband, Inc.	227975806	01-May-14	88.21
P-11-A-292 and P-11-A-292.1	Smart Broadband, Inc.	231203485	01-Jun-14	49.20
P-11-A-293 and P-11-A-293.1	Smart Broadband, Inc.	234451216	01-Jul-14	156.67
P-11-A-294 and P-11-A-294.1	Smart Broadband, Inc.	231203985	01-Jun-14	49.20
P-11-A-296	Wayfair Tours, Inc.	3669	04-Jun-14	883.00
P-11-A-297	Wayfair Tours, Inc.	3623	29-May-14	1,211.00
P-11-A-298	Wayfair Tours, Inc.	3966	26-Jun-14	432.00
P-11-A-325 and P-11-A-325.1	PLDT PHILCOM	0237705407	01-Aug-14	47.62
P-11-A-326 and P-11-A-326.1	PLDT PHILCOM	0234384694	01-Jul-14	107.67
P-11-A-327 and P-11-A-327.1	PLDT PHILCOM	0234383651	01-Jul-14	191.96
P-11-A-328	PLDT PHILCOM	234451216	01-Jul-14	(156.67)
P-11-A-329 and P-11-A-329.1	PLDT Smart Broadband Inc.	0237773871	01-Aug-14	142.78
P-11-A-338 and P-11-A-338.1	Smart Broadband, Inc.	0227975806	01-May-14	88.21
P-11-A-339 and P-11-A-339.1	Smart Broadband, Inc.	0234451216	01-Jul-14	156.67
P-11-A-340 and P-11-A-340.1	Smart Broadband, Inc.	0235551353	01-Jul-14	98.40
P-11-A-342	Wayfair Tours, Inc.	4015	30-Jun-14	432.00
P-11-A-343	Wayfair Tours, Inc.	4352	30-Jul-14	978.00
P-11-A-353	JLD Travel & Tours Corp.	1348	08-Aug-	

			14	280.94
P-11-A-366 and P-11-A-366.1	PLDT PHILCOM	0234383651	01-Jul-14	172.49
P-11-A-367 and P-11-A-367.1	PLDT PHILCOM	0237705591	01-Aug-14	97.36
P-11-A-368 and P-11-A-368.1	PLDT PHILCOM	0241009081	01-Sep-14	20.98
P-11-A-369 and P-11-A-369.1	PLDT PHILCOM	0241008041	01-Sep-14	65.46
P-11-A-370 and P-11-A-370.1	PLDT PHILCOM	0241008041	01-Sep-14	18.05
P-11-A-371 and P-11-A-371.1	PLDT Smart Broadband Inc.	0237773871	01-Aug-14	49.20
P-11-A-375	Wayfair Tours, Inc.	4435	04-Aug-14	864.00
P-11-A-376	Wayfair Tours, Inc.	4537	08-Aug-14	883.00
P-11-A-377	Wayfair Tours, Inc.	4436	04-Aug-14	864.00
P-11-A-378	Wayfair Tours, Inc.	4437	04-Aug-14	864.00
P-11-A-379	Wayfair Tours, Inc.	4541	08-Aug-14	42.00
P-11-A-380	Wayfair Tours, Inc.	4542	08-Aug-14	84.00
P-11-A-381	Wayfair Tours, Inc.	4543	08-Aug-14	84.00
P-11-A-382	Wayfair Tours, Inc.	4613	14-Aug-14	451.00
P-11-A-383	Wayfair Tours, Inc.	4610	14-Aug-14	95.00
P-11-A-384	Wayfair Tours, Inc.	4612	14-Aug-14	42.00
P-11-A-385	Wayfair Tours, Inc.	4609	14-Aug-14	883.00
P-11-A-386	Wayfair Tours, Inc.	4660	15-Aug-14	299.00
P-11-A-387	Wayfair Tours, Inc.	4665	15-Aug-14	479.00
P-11-A-388	Wayfair Tours, Inc.	4662	15-Aug-14	479.00
P-11-A-389	Wayfair Tours, Inc.	4703	19-Aug-14	299.00
P-11-A-390	Wayfair Tours, Inc.	4703	19-Aug-14	299.00
P-11-A-391	Wayfair Tours, Inc.	4693	19-Aug-14	624.00
P-11-A-392	Wayfair Tours, Inc.	4694	19-Aug-	

			14	271.00
P-11-A-393	Wayfair Tours, Inc.	4721	22-Aug-14	598.00
P-11-A-394	Wayfair Tours, Inc.	4753	23-Aug-14	479.00
P-11-A-395	Wayfair Tours, Inc.	4838	29-Aug-14	294.00
P-11-A-396	Wayfair Tours, Inc.	4815	29-Aug-14	534.00
P-11-A-409 and P-11-A-409.1	PLDT PHILCOM	0241009081	01-Sep-14	172.49
P-11-A-410 and P-11-A-410.1	PLDT PHILCOM	0244342640	01-Oct-14	206.17
P-11-A-412 and P-11-A-412.1	Smart Broadband Inc.	0241075473	01-Sep-14	134.44
P-11-A-413 and P-11-A-413.1	Smart Broadband Inc.	0241075003	01-Sep-14	49.20
P-11-A-419	Wayfair Tours, Inc.	4907	03-Sep-14	299.00
P-11-A-420	Wayfair Tours, Inc.	4902	03-Sep-14	5,980.00
P-11-A-421	Wayfair Tours, Inc.	4975	06-Sep-14	598.00
P-11-A-422	Wayfair Tours, Inc.	4977	06-Sep-14	598.00
P-11-A-423	Wayfair Tours, Inc.	5073	12-Sep-14	451.00
P-11-A-459, P-11-A-459.1, P-11-A-459.2 and P-11-A-459.3	PLDT PHILCOM	0244342640	01-Oct-14	172.49
P-11-A-460, P-11-A-460.1 and P-11-A-461	PLDT PHILCOM	0244343397	01-Oct-14	94.91
P-11-A-465	Smart Broadband Inc.	0244410770	01-Oct-14	49.20
P-11-A-467	Wayfair Tours, Inc.	5311	27-Sep-14	655.00
P-11-A-468	Wayfair Tours, Inc.	5447	04-Oct-14	864.00
P-11-A-469	Wayfair Tours, Inc.	5432	03-Oct-14	1,310.00
P-11-A-470	Wayfair Tours, Inc.	5473	07-Oct-14	328.00
P-11-A-471	Wayfair Tours, Inc.	5508	08-Oct-14	682.00
P-11-A-472	Wayfair Tours, Inc.	5807	23-Oct-14	864.00

P-11-A-473	Wayfair Tours, Inc.	5796	23-Oct-14	642.00
P-11-A-474	Wayfair Tours, Inc.	5792	24-Oct-14	299.00
P-11-A-475	Wayfair Tours, Inc.	5864	27-Oct-14	902.00
P-11-A-506 and P-11-A-506.1	PLDT PHILCOM	0229859331	01-Nov-14	82.15
P-11-A-507 and P-11-A-508	PLDT PHILCOM	0229860097	01-Nov-14	65.45
P-11-A-525	Wayfair Tours, Inc.	5912	30-Oct-14	1,804.00
P-11-A-526	Wayfair Tours, Inc.	5927	31-Oct-14	69.00
P-11-A-527	Wayfair Tours, Inc.	5928	31-Oct-14	42.00
P-11-A-528	Wayfair Tours, Inc.	6016	05-Nov-14	902.00
P-11-A-529	Wayfair Tours, Inc.	6064	08-Nov-14	1,284.00
P-11-A-530	Wayfair Tours, Inc.	6200	14-Nov-14	432.00
P-11-A-531	Wayfair Tours, Inc.	6205	14-Nov-14	1,798.00
P-11-A-532	Wayfair Tours, Inc.	6210	14-Nov-14	328.00
P-11-A-533	Wayfair Tours, Inc.	6267	19-Nov-14	655.00
P-11-A-534	Wayfair Tours, Inc.	6324	22-Nov-14	432.00
P-11-A-535	Wayfair Tours, Inc.	6325	22-Nov-14	328.00
P-11-A-536	Wayfair Tours, Inc.	6342	26-Nov-14	451.00
P-11-A-537	Wayfair Tours, Inc.	6349	26-Nov-14	354.00
P-11-A-538	Wayfair Tours, Inc.	6409	28-Nov-14	887.00
P-11-A-573 and P-11-A-573.1	PLDT PHILCOM, INC.	0251083469	01-Dec-14	93.49
P-11-A-574 and P-11-A-574.1	PLDT PHILCOM, INC.	0251083849	01-Dec-14	129.05
P-11-A-579	Wayfair Tours, Inc.	6512	06-Dec-14	1,804.00
P-11-A-580	Wayfair Tours, Inc.	6570	11-Dec-14	864.00
P-11-A-581	Wayfair Tours, Inc.	6633	15-Dec-14	432.00
			Total	**₱ 200,184.83**

Only the amount of ₱69,962.75 (₱979,540.45 less the sum of ₱709,392.87 and ₱200,184.83) represents petitioner's valid input VAT on domestic purchases of services and goods other than capital goods, detailed as follows:

Exhibit	Supplier Name	Document No.	Date	Input VAT
P-11-A-47	Absolute Essentials Traders Incorporated	000500	21-Jan-14	₱ 578.57
P-11-A-48	Bad- As Petron Station (Lourberto S. Lerio)	102550	05-Jan-14	32.14
P-11-A-49	Bad- As Petron Station (Lourberto S. Lerio)	102778	11-Jan-14	10.71
P-11-A-50	Bad- As Petron Station (Lourberto S. Lerio)	102816	13-Jan-14	53.57
P-11-A-51	Claver General Merchandise (Jerry S. Mainit)	001000	16-Jan-14	166.07
P-11-A-52	Claver General Merchandise (Jerry S. Mainit)	001053	16-Jan-14	128.57
P-11-A-73	Ocean Bounties Seafood Market & Restaurant (Ocean Bounties Fresh & Frozen Foods Inc)	006022	13-Jan-14	85.71
P-11-A-74	Ocean Bounties Seafood Market & Restaurant (Ocean Bounties Fresh & Frozen Foods Inc)	005965	21-Jan-14	82.50
P-11-A-75	Palma Superstore (Palma, Joselito Ramos)	15044	14-Jan-14	24.70
P-11-A-78	Rose Pharmacy, Inc.	6120	03-Jan-14	158.28
P-11-A-82	Almont Hotel & Inland Resort (Almont Hotel Inc)	A2275	12-Feb-14	69.64
P-11-A-83	Brilliant Star Food Corporation	018128	07-Feb-14	512.04
P-11-A-84	Brilliant Star Food Corporation	018135	08-Feb-14	163.82
P-11-A-85	Brilliant Star Food Corporation	018138	09-Feb-14	104.25
P-11-A-86	Brilliant Star Food Corporation	018167	13-Feb-14	78.00
P-11-A-87	Butuan Grand Palace Restaurant (Karaga 4 Aces Development Corp)	0454	05-Feb-14	48.75
P-11-A-88	Butuan Grand Palace Restaurant (Karaga 4 Aces Development Corp)	0455	05-Feb-14	1,211.79
P-11-A-	Doctor's Choice	000687	26-Feb-14	6.21

89	Pharmacy Co.			
P-11-A-90	Figaro Coffee Shop (Cebu Knotsberry Food Corp)	0167	09-Feb-14	43.18
P-11-A-91	Freemont Foods Corporation	6250	10-Feb-14	85.71
P-11-A-92	Gaisano Superstore (Interpace Corporation)	436430	10-Feb-14	79.59
P-11-A-93	Gerry's Grill (MM Cuisine Connoisseurs Inc)	0272	10-Feb-14	53.57
P-11-A-94	Gevans General Merchandise (Shaine Oliver V.Tamayo)	000076	08-Feb-14	10.71
P-11-A-95	Goat 2geder Hotel & Restaurant (Kim Lian T. Tan)	26980	09-Feb-14	157.93
P-11-A-96	Greenwich Golden Lion Pizza (Surigao) Corporation	31598	06-Feb-14	106.93
P-11-A-97	Greenwich Golden Lion Pizza (Surigao) Corporation	31639	15-Feb-14	68.14
P-11-A-98	Jollibee Golden Lion Foods (Surigao) Corporation	49268	09-Feb-14	57.86
P-11-A-99	Jollibee Golden Lion Foods (Surigao) Corporation	49261	08-Feb-14	72.43
P-11-A-100	Jollibee Golden Lion Foods (Surigao) Corporation	49279	11-Feb-14	103.50
P-11-A-101	Jollibee Golden Lion Foods (Surigao) Corporation	49326	15-Feb-14	37.93
P-11-A-102	Jollibee Golden Lion Foods (Surigao II) Corporation	15386	05-Feb-14	35.36
P-11-A-120	Mang Inasal Restaurant (L. Cubillan)	1572	15-Feb-14	22.18
P-11-A-121	Mang Inasal Restaurant (L. Cubillan)	1567	14-Feb-14	44.36
P-11-A-122	Nickel Sales Center (Jerick Chua Cubillan)	005843	27-Feb-14	86.79
P-11-A-123	Peng-U Ventures, Inc.	35846	11-Feb-14	128.57
P-11-A-124	Philippine Ports Authority	CG-L0594149-5	07-Mar-14	334.26
P-11-A-125	PIGAR Trading (Pigar, Cesar So)	29101	19-Feb-14	26.79
P-11-A-130	Southwinds Hotel (Jose C. Agudo III)	97073	28-Feb-14	278.57
P-11-A-131	Surigaonon Visayan Marketing Corporation	58532	08-Feb-14	8.04

P-11-A-138	Webforge Philippines, Inc.	PH16848	12-Feb-14	5,100.51
P-11-A-139	ASM FOODS (AURELIO S. MARASIGAN, JR.)	1327	04-Mar-14	92.14
P-11-A-140	ASM FOODS (AURELIO S. MARASIGAN, JR.)	917	24-Mar-14	41.57
P-11-A-141	CafeFrance Corp.	3173	27-Mar-14	36.32
P-11-A-142	Copylandia Office Systems Corporation	12964	25-Mar-14	334.82
P-11-A-161	Mercury Drug Corporation	58077	26-Feb-14	246.16
P-11-A-162	Moraco Food Corp.	4012	28-Feb-14	77.14
P-11-A-163	Philippine Ports Authority	CG-L0594149-5	07-Mar-14	501.39
P-11-A-164	PHO NAM, INC.	1533	27-Mar-14	150.21
P-11-A-167	Rosario's Seafood Restaurant & Grillhouse Chinese Cuisine	1165	28-Mar-14	59.89
P-11-A-168	Rose Pharmacy, Inc.	48	09-Mar-14	117.32
P-11-A-169	Rose Pharmacy, Inc.	30	04-Mar-14	38.62
P-11-A-172	Smart Broadband, Inc.	PGQOR000058916	12-Mar-14	19.44
P-11-A-173	Traknology Incorporated	1039	01-Feb-14	5,760.00
P-11-A-174	Tri-Mix Enterprises (B. KIM LEASING & DEVELOPMENT CORPORATION)	55150	05-Mar-14	2.68
P-11-A-175	Uni-City General Merchandise Inc.	2088	05-Mar-14	6.38
P-11-A-177	A. Zarate General Hospital (Albert L. Zarate)	103440	14-Jan-14	214.29
P-11-A-178	A. Zarate General Hospital (Albert L. Zarate)	106053	22-Apr-14	163.93
P-11-A-179	Absolute Essentials Traders Incorporated	756	27-Mar-14	1,025.91
P-11-A-180	D & L Medical Equipments Supplies (Sheridan L. Castro)	88978	25-Jan-14	548.57
P-11-A-181	Doctor's Choice Pharmacy Co.	838	03-Apr-14	38.79
P-11-A-182	E. Simtoco Enterprises (Elisa T. Simtoco)	169640	29-Mar-14	19.29
P-11-A-183	Gaisano City-Mall (Unipace Corp.)	25034	04-Apr-14	166.07
P-11-A-184	Gaisano Superstore Butuan City Branch	439070	22-Apr-14	27.21

P-11-A-185	Jerome Anthony S. Asuncion, MD, FPOA	321	09-Apr-14	48.00
P-11-A-197	Mang Inasal Restaurant	1754	19-Apr-14	51.00
P-11-A-198	Megavalue Drugstore (MEGAVALUE TRADE SALES CORP.)	5472	11-Apr-14	590.61
P-11-A-199	Mercury Drug Corporation	637-10122	30-Jan-14	63.75
P-11-A-200	Mercury Drug Corporation	637-10090	14-Jan-14	13.50
P-11-A-201	Mercury Drug Corporation	637-10104	20-Jan-14	27.00
P-11-A-202	Mercury Drug Corporation	637-10100	19-Jan-14	158.14
P-11-A-203	Mercury Drug Corporation	637-10108	22-Jan-14	67.50
P-11-A-204	Mercury Drug Corporation	637-10110	25-Jan-14	24.43
P-11-A-205	Mercury Drug Corporation	637-10264	12-Apr-14	351.05
P-11-A-206	Mercury Drug Corporation	637-10283	22-Apr-14	517.18
P-11-A-207	Mercury Drug Corporation	114-32531	16-Jan-14	60.11
P-11-A-208	Mercury Drug Corporation	114-32534	17-Jan-14	66.86
P-11-A-209	Mercury Drug Corporation	114-32526	19-Jan-14	19.26
P-11-A-210	Mercury Drug Corporation	114-32536	21-Jan-14	53.04
P-11-A-211	Mercury Drug Corporation	531-10299	21-Jan-14	66.54
P-11-A-212	Oro Celestial Petron Service Station	454	11-Apr-14	107.14
P-11-A-213	Pigar Trading (Pigar Cesar So)	31856	07-Apr-14	66.96
P-11-A-214	Pigar Trading (Pigar Cesar So)	29794	03-Apr-13	72.86
P-11-A-215	Pigar Trading (Pigar Cesar So)	31852	06-Apr-14	33.43
P-11-A-218	Rose Pharmacy, Inc.	18102	30-Mar-14	52.04
P-11-A-219	Rose Pharmacy, Inc.	1380	09-Apr-14	94.18
P-11-A-224	C & C Pharmacy - branch (Anecita C. Uy)	4277	20-Mar-14	112.53
P-11-A-225	C & C Pharmacy - bracnh (Anecita C. Uy)	4743	16-Apr-17	15.75
P-11-A-226	Cagayan River View Inn & Restaurant (Tansitiam & Sons, Inc.)	31353	29-May-14	75.00
P-11-A-227	Greenwich Golden Lion Pizza (Surigao)	31887	23-Apr-14	90.86

	Corporation			
P-11-A-239	Metrosphere Corporation - Ellis Ecotel	26688	29-May-14	192.86
P-11-A-241	Philippine Ports Authority	H000-000000002081	19-May-14	1,071.43
P-11-A-242	Philippine Ports Authority	H000-000000002082	19-May-14	128.57
P-11-A-249	Starlane Caltex Station	756210	11-May-14	160.71
P-11-A-252	Asialink Central Mall, Incorporated	5644	02-May-14	97.29
P-11-A-253	Asialink Central Mall, Incorporated	5642	02-May-14	84.10
P-11-A-254	Bad-as Petron Station	109117	06-Jun-14	10.71
P-11-A-255	Dales Food Haus	18434	19-Jun-14	280.71
P-11-A-256	Gardenstate Enterprises, Inc.	123690	04-Jun-14	53.57
P-11-A-257	Greenwich (Fresh N' Famous Foods, Inc.)	508	02-Jul-14	97.61
P-11-A-258	Greenwich Golden Lion Pizza (Surigao) Corporation	32061	06-Jun-14	40.61
P-11-A-259	GV Hotel - Cagayan Branch (Vismin GV Hotel Inc.)	9780	12-Jun-14	53.57
P-11-A-260	Jollibee Golden Lion Foods (Surigao) Corporation	49991	01-Jun-14	20.46
P-11-A-261	Jollibee Golden Lion Foods (Surigao II) Corporation	15827	20-Jun-14	47.36
P-11-A-262	Jollibee Golden Lion Foods (Surigao II) Corporation	15828	20-Jun-14	51.43
P-11-A-274	Lutong Bahay ni Aling Cora Restaurant (Corazon Uy Yu)	18187	19-Jun-14	131.57
P-11-A-275	Margarita Mobile Shop (Lim, Cindy Enrile)	35101	09-Jun-14	30.86
P-11-A-276	Margarita Mobile Shop (Cindy E. Lim)	1653	07-Jun-14	75.00
P-11-A-277	Marlowe S. Indo Internal Medicine & Neurology Clinic	64	18-Jun-14	60.00
P-11-A-278	Marlowe S Indo Internal Medicine & Neurology Clinic	347	19-Jun-14	60.00
P-11-A-279	Mercury Drug Corporation	30253	29-May-17	53.04
P-11-A-280	Moon Café (Cebu Knotsberry Foods	599	17-Jun-14	80.79

	Corporation)			
P-11-A-281	New Family Drug & General Merchandise	209469	16-Jun-14	17.52
P-11-A-284	Ra PHOENIX GAS STATION	60538	25-Jun-14	125.25
P-11-A-285	Red Ribbon - Robinsons Butuan (Red Ribbon Bakeshop Inc.)	333	21-May-14	69.64
P-11-A-286	Rosecake Specialties	2904	19-Jun-14	81.96
P-11-A-287	Rose Pharmacy, Inc.	25098	20-May-14	16.15
P-11-A-288	Rose Pharmacy, Inc.	24393	21-May-14	71.33
P-11-A-289	Rose Pharmacy, Inc.	17302	03-Jun-14	186.97
P-11-A-290	Rose Pharmacy, Inc.	347	02-Jun-14	93.86
P-11-A-295	Watsons Personal Care Stores (Phils.), Inc.	35298	21-May-14	31.07
P-11-A-299	YC Rainbow Food, Inc.	2142	25-Jun-14	51.00
P-11-A-300	American Technologies, Inc.	025038	03-Jul-14	21,565.42
P-11-A-301	A. Zarate General Hospital (Albert L. Zarate)	106786	21-May-14	32.14
P-11-A-302	A. Zarate General Hospital (Albert L. Zarate)	107600	18-Jun-14	32.14
P-11-A-303	Almirante Shell Super Station II (April Twinkle Almirante Corral)	70575	21-Jul-14	160.71
P-11-A-304	Bad-as Petron Station (Lourberto S. Lerio)	110777	15-Jul-14	16.07
P-11-A-305	Bad-as Petron Station (Lourberto S. Lerio)	108736	08-Jul-14	10.71
P-11-A-306	C & C Pharmacy-Branch (Anecita C. Uy)	13397	14-Jul-14	178.18
P-11-A-307	CD-R King Gen. Merchandise (Haleiwa International Corporation)	204152	18-Jul-14	72.86
P-11-A-308	Gaisano Superstore Butuan City Branch (Interpace Corporation)	471645	26-Jul-14	34.95
P-11-A-309	Greenwich Golden Lion Pizza (Surigao) Corporation	32171	04-Jul-14	48.96
P-11-A-310	Hemado Phoenix Fuel Business Trading (Ma. Theresa L. Docallos)	016357	14-Jul-14	107.14
P-11-A-311	Hotel Karaga Inc.	2415	10-Jul-14	428.57

P-11-A-322	Ocean Bounties Seafood Market & Restaurant (Ocean Bounties Seafood Market and Restaurant)	007526	11-Jul-14	182.14
P-11-A-323	Philippine Ports Authority	CG-L0594149-5	07-Mar-14	(334.26)
P-11-A-324	Pigar Trading (Cesar So Pigar)	34328	12-Jul-14	111.86
P-11-A-330	Rose Pharmacy, Inc.	16320	11-Jul-14	90.54
P-11-A-331	Rose Pharmacy, Inc.	0054	21-Jun-14	193.90
P-11-A-332	Rose Pharmacy, Inc.	18130	16-Jul-14	186.94
P-11-A-333	Rose Pharmacy, Inc.	25207	01-Jul-14	28.65
P-11-A-334	Rose Pharmacy, Inc.	25178	20-Jun-14	148.19
P-11-A-335	Rose Pharmacy, Inc.	25177	20-Jun-14	123.94
P-11-A-336	Rose Pharmacy, Inc.	25199	27-Jun-14	162.80
P-11-A-337	Rose Pharmacy, Inc.	0411	21-Jun-14	188.12
P-11-A-344	Almirante Shell Super Station II	71033	05-Aug-14	160.71
P-11-A-345	Asia Link Shopping Center	8209	19-Jul-14	26.89
P-11-A-346	Bad-as Petron Station	111561	04-Aug-14	12.08
P-11-A-347	Bad-as Petron Station	110441	08-Aug-14	20.36
P-11-A-348	Bad-as Petron Station	110567	10-Aug-14	25.22
P-11-A-349	Dales Food Haus	019026	27-Aug-14	94.29
P-11-A-350	E.C. Nickel Drug Branch	032368	30-Jun-14	13.04
P-11-A-351	Goat 2geder Hotel & Restaurant	29275	07-Aug-14	45.54
P-11-A-352	Kingsway Inn	28336	19-Aug-14	160.71
P-11-A-360	Limbros Shell Service Station	20161	15-Aug-14	202.27
P-11-A-361	New Family Drug & General Merchandise	255233	13-Aug-14	17.81
P-11-A-362	Oro Celestial Petron Service Station	0770	14-Aug-14	107.14
P-11-A-363	Pearlmont Inn	180402	15-Aug-14	522.32
P-11-A-364	People's Choice Pharmacy	283574	19-Aug-14	122.16
P-11-A-	People's Choice	283842	23-Aug-14	30.05

365	Pharmacy			
P-11-A-372	Rosario's Seafood Restaurant & Grillhouse Chinese Cuisine	001090	14-Aug-14	144.64
P-11-A-373	Southwinds Hotel	100487	21-Aug-14	390.00
P-11-A-374	Thaore De Oro Food Corporation	000120	14-Aug-14	142.02
P-11-A-397	1 Windsoar Hotel	1886	29-Sep-14	96.00
P-11-A-398	Almont Hotel & Inland Resort	7598	30-Sep-14	720.25
P-11-A-399	Almont Hotel & Inland Resort	10993	29-Sep-14	17.68
P-11-A-400	Co Ban Kiat Hardware, Inc.	544553	09-Sep-14	458.57
P-11-A-401	Gaisano Superstore Butuan City Branch	465940	22-Sep-14	43.23
P-11-A-402	Greenwich Golden Lion Pizza (Surigao) Corporation	32514	25-Sep-14	353.79
P-11-A-408	New Family Drug & General Merchandise	279403	12-Sep-14	16.39
P-11-A-411	Rose Pharmacy, Inc.	29962	05-Sep-14	74.79
P-11-A-414	Southwinds Hotel	100812	11-Sep-14	1,032.86
P-11-A-415	Starlane Caltex Station	775342	10-Sep-14	214.29
P-11-A-416	Surigaonon Visayan Marketing Corporation	79019	15-Sep-14	34.82
P-11-A-417	Surigaonon Visayan Marketing Corporation	77458	26-Aug-14	72.32
P-11-A-418	The Golden Peak Hotel & Suites	49157	05-Sep-14	321.43
P-11-A-424	Alba Copy Center	11662	08-Sep-14	143.36
P-11-A-425	Almont Hotel & Inland Resort	7391	05-Oct-14	104.47
P-11-A-426	Almont Hotel & Inland Resort	8142	19-Oct-14	139.29
P-11-A-427	A. Zarate General Hospital	105729	11-Apr-14	32.14
P-11-A-428	A. Zarate General Hospital	106034	22-Apr-14	227.68
P-11-A-429	A. Zarate General Hospital	109408	16-Aug-14	199.28
P-11-A-430	A. Zarate General Hospital	109422	06-Aug-14	32.14
P-11-A-431	Café Breton	2308	24-Oct-14	103.71
P-11-A-432	Gaisano Superstore Butuan City Branch	460739	27-Oct-14	26.23
P-11-A-	Gaisano Superstore	470805	01-Oct-14	100.61

433	Butuan City Branch			
P-11-A-434	Gerry's Grill	1597	15-Oct-14	403.93
P-11-A-435	Greenwich	0800	15-Oct-14	82.50
P-11-A-436	Janet C. De Grano, M.D.	2873	28-Oct-14	85.18
P-11-A-454	Mercury Drug	11289	17-Oct-14	4.90
P-11-A-455	New Family Drug & General Merchandise	295237	02-Oct-14	32.92
P-11-A-456	New Family Drug & General Merchandise	295331	02-Oct-14	12.19
P-11-A-457	Pats Electronics Shoppe	645035	09-Oct-14	225.00
P-11-A-458	Philippine Ports Authority	BP21-000000075767	31-Oct-14	3,600.00
P-11-A-462	Princity Inc.	000126	15-Oct-14	33.97
P-11-A-463	Rophacs Venture Corporation	07790	16-Sep-14	16.07
P-11-A-464	Rose Pharmacy, Inc.	2994	14-Oct-14	233.46
P-11-A-466	United Bookstore-Butuan	6968	01-Oct-14	53.57
P-11-A-476	YHL Commercial	2711	13-Sep-14	21.32
P-11-A-477	Asia Link Shopping Center (Melona Cuajao Regis)	8445	29-Oct-14	48.32
P-11-A-478	El Cielito Inn (Los Angeles Corporation)	107981	15-Nov-14	138.79
P-11-A-479	Gaisano Superstore Butuan City Branch (Interpace Corporation)	460112	22-Nov-14	33.69
P-11-A-480	Gerry's Grill (MM Cuisine Connoisseurs Inc.)	1775	16-Nov-14	136.07
P-11-A-481	Jollibee Golden Lion Foods (Surigao II) Corporation	16355	30-Oct-14	109.93
P-11-A-482	L. Mailig Store (Lourdes G. Mailig)	174643	17-Jul-14	39.64
P-11-A-483	L. Mailig Store (Lourdes G. Mailig)	174644	17-Jul-14	39.64
P-11-A-484	L. Mailig Store (Lourdes G. Mailig)	174698	18-Jul-14	37.50
P-11-A-485	L. Mailig Store (Lourdes G. Mailig)	175054	23-Jul-14	27.86
P-11-A-486	Lasertech Copier Services (Elizalde L. Nepomuceno)	10831	16-Oct-14	115.71
P-11-A-487	Lasertech Copier Services (Elizalde L.	10822	16-Oct-14	144.86

	Nepomuceno)			
P-11-A-488	Lasertech Copier Services (Elizalde L. Nepomuceno)	11365	11-Nov-14	15.00
P-11-A-499	New Family Drug & General Merchandise (Lance Lemuel Ling Lim)	338122	25-Nov-14	36.75
P-11-A-500	New Family Drug & General Merchandise (Lance Lemuel Ling Lim)	342530	01-Dec-14	31.97
P-11-A-501	Palma Commercial (James R. Palma)	004585	17-Jul-14	45.43
P-11-A-502	Palma Commercial (James R. Palma)	004584	17-Jul-14	49.60
P-11-A-503	Palma Commercial (James R. Palma)	005493	16-Sep-14	139.26
P-11-A-504	Pearlmont Inn (Perla G. Gotil)	183308	12-Nov-14	450.00
P-11-A-505	Philippine Spring Water Resources, Inc.	002424	29-Oct-14	70.57
P-11-A-509	Prince Plaza Hotel & Restaurant (Operated by: Baguio AY & F Co., Inc.)	123317	11-Nov-14	320.89
P-11-A-510	Robinsons Department Store - Butuan (Owned and Operated by: Robinsons Incorporated)	003515	18-Nov-14	822.68
P-11-A-511	Robinsons Department Store - Butuan (Owned and Operated by: Robinsons Incorporated)	003526	23-Nov-14	208.47
P-11-A-512	Rosario's Seafood Restaurant & Grillhouse Chinese Cuisine (Operated by: New Rosario Food Corporation)	01808	26-Nov-14	156.96
P-11-A-513	Rose Pharmacy, Inc.	0166	13-Nov-14	24.20
P-11-A-514	Rose Pharmacy, Inc.	0402	21-Nov-14	48.22
P-11-A-515	Rose Pharmacy, Inc.	0407	24-Dec-14	81.95
P-11-A-516	Gaisano Superstore Butuan City Branch (Interpace Corporation)	144031	05-Jun-14	24.56
P-11-A-517	Southwinds Hotel (Jose C. Agudo III)	101656	27-Oct-14	125.36
P-11-A-518	Ultra Shell Motorist Center, Inc.	30404	27-Oct-14	107.14
P-11-A-519	Uni-City General Merchandise, Inc.	2848	19-Nov-14	363.32
P-11-A-	Uni-City General	2867	19-Nov-14	62.14

520	Merchandise, Inc.			
P-11-A-521	Uni-City General Merchandise, Inc.	2868	19-Nov-14	72.86
P-11-A-522	Uni-City General Merchandise, Inc.	3155	30-Nov-14	171.42
P-11-A-523	Uni-City General Merchandise, Inc.	3153	30-Nov-14	183.00
P-11-A-524	Unite General Merchandise (Rosario Q. Co)	1457	29-Oct-14	55.71
P-11-A-539	Almont Hotel & Inland Resort (Almont Hotel Inc.)	8619	19-Dec-14	69.64
P-11-A-540	Asia Link Shopping Center (Melona Cuajao Regis)	8526	07-Dec-14	51.43
P-11-A-541	Bo's Coffee (Samping Realty and Development Corporation)	1839	14-Nov-14	43.93
P-11-A-542	Bo's Coffee (Samping Realty and Development Corporation)	1928	28-Nov-14	101.25
P-11-A-543	Claver Petron Station (Roland Entenia Mira)	19723	22-Dec-14	32.14
P-11-A-544	CD-R King Gen. Merchandise (Princess Sapphire Corporation)	215283	09-Nov-14	8.57
P-11-A-545	E. Simtoco Enterprises (Elisa T. Simtoco)	180961	17-Dec-14	6.75
P-11-A-546	Gerry's Grill (MM Cuisine Connoisseurs Inc.)	1918	12-Dec-14	39.64
P-11-A-547	GMI Greatfit Makers Inc.	17814	04-Dec-14	150.00
P-11-A-548	Hotel Karaga Inc.	3269	05-Dec-14	85.71
P-11-A-549	Hotel Karaga Inc.	3334	16-Dec-14	85.71
P-11-A-550	Hukad Butuan (VDCU Prince Hotel Inc.)	1699	28-Nov-14	31.50
P-11-A-551	Hukad Butuan (VDCU Prince Hotel Inc.)	1763	12-Dec-14	31.50
P-11-A-553	Karjel Photoshoppe (Lourdes Navales Go)	27339	17-Dec-14	52.07
P-11-A-554	Kenny Rogers Roasters (Epicurean Partners Echange Inc)	6311	12-Dec-14	43.93
P-11-A-555	Lasertech Copier Services (Elizalde L. Nepomuceno)	9318	19-Aug-14	144.43
P-11-A-556	Laughing Buddha Food Corp.	17832	28-Nov-14	47.46
P-11-A-567	Mang Inasal Restaurant (L. Cubillan)	2454	16-Dec-14	12.32

P-11-A-568	Mercury Drug Corporation	611-10252	10-Dec-14	184.66
P-11-A-569	Mercury Drug Corporation	340-30679	22-Dec-14	215.14
P-11-A-570	Palma Commercial (James R. Palma)	4503	12-Jul-14	38.04
P-11-A-571	Palma Commercial (James R. Palma)	4704	26-Jul-14	28.71
P-11-A-572	Palma Commercial (James R. Palma)	9802	19-Dec-14	45.86
P-11-A-575	Southwinds Hotel (Jose C. Agudo III)	102614	21-Dec-14	139.29
P-11-A-576	Uni-City General Merchandise, Inc.	2590	01-Dec-14	91.05
P-11-A-577	Uni-City General Merchandise, Inc.	3261	03-Dec-14	280.13
P-11-A-578	Unite General Merchandise (Rosario Q. Co)	1419	10-Dec-14	1,227.32
P-11-A-582	Yahotsia Corp.	0716	28-Nov-14	47.14
P-11-A-583	Yahotsia Corp.	0785	12-Dec-14	37.61
Total				**₱ 69,962.75**

The valid input VAT of ₱69,962.75 should be reduced by ₱1,072.80[63], a portion attributable to petitioner's declared Exempt Sales/Receipts, hence, leaving a balance of ₱68,889.95.

Since petitioner did not submit VAT invoices/receipts proving the existence of its reported input VAT carry-over from previous quarter in the amount of ₱21,001,409.58[64] and the valid input VAT on domestic purchases of services and goods other than capital goods after deducting the amount attributable to exempt sales/receipts is only ₱68,889.95, the net output VAT liability still has a balance of ₱117,582.54[65].

The remaining output VAT due of ₱117,582.54 shall be offset against the input VAT on importation of capital goods exceeding ₱1 million and non-capital goods attributable to the declared zero-rated sales/receipts, thus, leaving an excess input VAT of ₱26,319,682.31 (₱26,437,264.85 minus ₱117,582.54).

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[63] ₱69,962.75 x 1.5333885% (Allocation factor for exempt sales/receipts).
[64] Exhibit "P-11-A-42", Line 20A.
[65] Net Output VAT Payable (₱186,472.49) minus ₱68,889.95.

However, as stated earlier, petitioner was able to properly substantiate only the amount of ₱8,675,805,090.45 out of its total declared zero-rated sales/receipts of ₱8,800,661,932.71. Thus, the excess input VAT attributable to petitioner's valid zero-rated sales/receipts of ₱8,675,805,090.45 amounts only to ₱25,946,279.40, as computed below:

Excess Input VAT attributable to declared zero-rated sales/receipts	₱ 26,319,682.31
Divided by declared zero-rated sales/receipts	÷ 8,800,661,932.71
Multiplied by valid zero-rated sales/receipts	× 8,675,805,090.45
Refundable excess input VAT attributable to valid zero-rated sales/receipts	**₱ 25,946,279.40**

In fine, petitioner has sufficiently proven its entitlement to a refund in the amount of ₱25,946,279.40 representing its unutilized excess input VAT for the four quarters of CY 2014 which is attributable to its zero-rated sales/receipts for the same period.

WHEREFORE, in view of the foregoing, the instant Petition for Review is **PARTIALLY GRANTED**. Accordingly, respondent is **ORDERED** to refund or issue a tax credit certificate in favor of petitioner in the reduced amount of ₱25,946,279.40 representing its unutilized excess input VAT for the four quarters of CY 2014.

SO ORDERED.

CATHERINE T. MANAHAN
Associate Justice

I CONCUR:

JUANITO C. CASTAÑEDA, JR.
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

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's Division.

ROMAN G. DEL ROSARIO
Presiding Justice