REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

SECOND DIVISION

CBK POWER COMPANY LIMITED, Petitioner,	**C.T.A. CASE NO. 7460**
	Members:
- versus -	**CASTAÑEDA, JR.,** *Chairperson* **UY,** *and* **PALANCA-ENRIQUEZ,** *JJ.*
COMMISSIONER OF INTERNAL REVENUE, Respondent.	**Promulgated:** JUL 16 2009 3:50 p.m.

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DECISION

UY, *J.*:

Before the Court is a Petition for Review filed by CBK Power Company Limited, praying for the issuance of tax credit certificate in the amount of ₱ 78,195,633.13, allegedly representing unutilized input taxes for the period covering January 1, 2004 to December 31, 2004, pursuant to Sections 112(A) and 112(B) of the National Internal Revenue Code (NIRC) of 1997.

THE FACTS

Petitioner, CBK Power Company Limited, is a partnership duly organized and existing under and by virtue of the laws of the Philippines, with principal office at the

NPC Compound Kalayaan, Laguna.[1] On the other hand, respondent is the duly appointed Commissioner of Internal Revenue vested with authority to act as such, including the power to decide, approve, and grant refunds or tax credit of erroneously or illegally collected internal revenue taxes as provided by law. He holds office at the Bureau of Internal Revenue (BIR), National Office Building, Diliman, Quezon City.[2]

Petitioner is a special purpose entity, the sole purpose of which is to engage in all aspects of (a) the design, financing, construction, testing, commissioning, operation, maintenance, management and ownership of Kalayaan II pumped-storage hydroelectric power plant, the new Caliraya Spillway, and other assets located in the Province of Laguna; and (b) the rehabilitation, upgrade, expansion, testing, commissioning, operation, maintenance and management of the Caliraya, Botocan and Kalayaan I hydroelectric power plants and their related facilities located in the Province of Laguna.[3] It is registered as a valued-added tax (VAT) entity, with Tax Identification Number (TIN) 205-760-474-000, in accordance with the NIRC, as amended. It was issued a BIR Certificate of Registration OCN 1RC0000050243[4] dated April 10, 2000 and BIR Certificate of Registration OCN 1RC0000195405 on May 11, 2005.[5]

On December 29, 2003, petitioner filed an Application for VAT zero-rate with BIR in accordance with Section 108(B)(3) of the NIRC of 1997. The said Application was duly approved by the BIR, pursuant to VAT Review Committee Ruling No. 018-

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[1] Par. 1, Facts Admitted, Joint Stipulation of Facts and Issues (JSFI), Docket, p. 327.
[2] Par. 2, Facts Admitted, JSFI, Docket, pp. 327-328.
[3] Annex "B", Petition for Review, Docket, p. 19; Par. 5, Facts Admitted, JSFI, Docket, pp. 328-329.
[4] Annex "C", Petition for Review, Docket, p. 28.
[5] Par. 3, Facts Admitted, JSFI, Docket, p. 328.

03, as indicated in the lower portion thereof which in part reads: "Valid only for sale of electricity from January 1, 2004 to December 31, 2004, unless sooner revoked."[6]

On the following dates, petitioner filed its Original and Amended Quarterly VAT Returns:[7]

Taxable Year 2004	**Date of Filing**	
Quarter	**Original Quarterly VAT Return**	**Amended Quarterly VAT Return**
1st	April 23, 2004	March 23, 2005
2nd	July 1, 2004	June 29, 2005
3rd	October 22, 2004	June 29, 2005
4th	January 25, 2005	June 29, 2005

Thereafter on June 30, 2005, petitioner, through its tax counsel, filed with the BIR Revenue District Office (RDO) No. 55 of Laguna, an administrative claim for the issuance of tax credit certificate in the amount of ₱ 78,195,633.13, for its unutilized input taxes on the purchase of capital goods for calendar year 2004 in the amount of ₱ 51,920,893.34, pursuant to then Sections 112(A) and 112(B) of the NIRC of 1997[8], and its unutilized input taxes on the local purchase of goods and services, other than capital goods, for calendar year 2004 in the amount of ₱ 26,274,739.79, attributable to its zero-rated sales, pursuant to Section 112(A) of the same Code.[9]

Due to respondent's failure to act on petitioner's request for issuance of tax credit certificate and in order to preserve its right to claim refund by judicial action, petitioner filed the instant Petition for Review on April 20, 2006.

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[6] Pars. 10 and 11, Facts Admitted, JSFI, Docket, pp. 330-331. Exhibit "I".
[7] Par. 6, Facts Admitted, JSFI, Docket, p. 329.
[8] Republic Act No. 9337, which took effect on July 1, 2005, amended Section 112 of the NIRC of 1997, by adding a certain clause to its paragraph (A), and by deleting the provisions of its paragraph (B) referring to *"Capital Goods"*.
[9] Par. 9, Facts Admitted, JSFI, Docket, p. 330. Annex "S", Petition for Review, Docket, pp. 241-249. Exhibit "A".

Respondent filed his "Answer" on June 16, 2006, interposing the following Special and Affirmative Defenses:

"4. Petitioner's alleged claim for refund is subject to administrative routinary investigation/examination by respondent's Bureau;

5. The amount of P78,195,633.13 being claimed by petitioner as alleged unutilized input taxes for the period January 1, 2004 to December 31, 2004 was not properly documented;

6. In an action for refund/credit, 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/credit;

7. Petitioner must show that it has complied with the provisions of Sections 112 and 229 of the National Internal Revenue Code of 1997 on the prescriptive period for claiming tax refund/credit;

8. Claims for refund are construed strictly against the claimant for the same partake the nature of exemption 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).**"[10]

During trial, petitioner presented testimonial and voluminous documentary evidence primarily aimed at proving its supposed entitlement to the issuance of a tax credit certificate in the amount of ₱ 78,195,633.13, representing input taxes for the period covering January 1, 2004 to December 31, 2004.

When it was respondent's turn to present evidence on June 2, 2008, his counsel failed to appear and upon motion of petitioner's counsel, the former was deemed to have waived the right to present evidence for respondent, and the Court directed both parties' counsel to submit their respective Memorandum.[11] After the

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[10] Docket, p. 264.
[11] Minutes of Hearing held on June 2, 2008 stating that petitioner is given 30 days from said date to file memorandum while respondent's counsel is given 20 days from notice to do so and upon expiry of the period for the filing thereof, this case shall be deemed submitted for decision, Docket, p. 749.

submission of petitioner's Memorandum[12] within the given period, this case was submitted for decision on July 18, 2008.[13]. However, upon motion of respondent [14] and in the interest of justice, his belatedly filed Memorandum[15] was admitted by the Court in the Resolution dated on August 8, 2008.[16]

THE ISSUES

The parties have jointly stipulated the following issues [17] for this Court's resolution:

> "1. Whether or not Petitioner is entitled to a tax credit certificate in the amount of P51,920,893.34 representing unutilized input taxes paid on its purchases of capital goods for the period January 1, 2004 to December 31, 2004;
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> 2. Whether or not the unutilized input taxes amounting to P51,920,893.34 paid by Petitioner for the period January 1, 2004 to December 31, 2004 were related to payments to its contractors for the construction of the hydroelectric power plants in Laguna, as well as all related expenditures in pursuance of the rehabilitation, construction and operation of the power plant complex;
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> 3. Whether or not Petitioner has duly substantiated its claim for the issuance of a tax credit certificate for unutilized input taxes amounting to P51,920,893.34 paid on its purchases of capital goods for the period January 1, 2004 to December 31, 2004;
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> 4. Whether or not the input taxes amounting to P51,920,893.34 paid by Petitioner on its purchases of capital goods for the period January 1, 2004 to December 31, 2004 have not been carried over to the succeeding quarters and have not been utilized against any output tax;
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> 5. Whether or not Petitioner is entitled to a tax credit certificate in the amount of P26,274,739.79 representing unutilized input taxes paid or incurred on local purchase of goods and services, other than capital goods, attributable to Petitioner's zero-rated sales to

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[12] Petitioner's Memorandum filed on July 2, 2008, Docket, pp. 750-819.
[13] Resolution dated July 18, 2008, Docket., p. 821.
[14] Motion to Admit Memorandum, Docket, pp. 828-830.
[15] Respondent's Memorandum filed on August 8, 2008, Docket, pp. 831-848.
[16] Docket., p. 850.
[17] Issues to be Tried or Resolved, JSFI, Docket, pp. 331-334.

the National Power Corporation (NPC) for the period January 1, 2004 to December 31, 2004;

6. Whether or not Petitioner's sale of services to the National Power Corporation (NPC) for the period January 1, 2004 to December 31, 2004 qualify as zero rated sales;

7. Whether or not unutilized input taxes amounting to P26,274,739.79 representing unutilized input taxes paid or incurred on local purchase of goods and services, other than capital goods, for the period January 1, 2004 to December 31, 2004 were attributable to Petitioner's zero rated sales for the same period;

8. Whether or not Petitioner has duly substantiated its claim for the issuance of a tax credit certificate for its unutilized input taxes amounting to P26,274,739.79 representing unutilized input taxes paid or incurred on local purchase of goods and services, other than capital goods, attributable to its zero-rated sales for the period January 1, 2004 to December 31, 2004;

9. Whether or not the unutilized input taxes amounting to P26,274,739.79 representing unutilized input taxes paid or incurred on local purchase of goods and services, other than capital goods, for the period January 1, 2004 to December 31, 2004 have not been carried over to the succeeding quarters and have not been utilized against any output tax;

10. If any portion of Petitioner's unutilized input taxes paid on its purchase of capital goods amounting to P51,920,893.34 for the period January 1, 2004 to December 31, 2004, is disallowed for not falling under the category of 'capital goods' under then Section 112(B) of the Tax Code, whether or not Petitioner is entitled to claim the same as a tax credit under then Section 112(A) of the Tax Code, as unutilized/excess input taxes paid or incurred on its local purchases of goods and services for the period January 1, 2004 to December 31, 2004 attributable to its zero-rated sales for the same period;

11. Whether or not Petitioner had timely and duly filed its administrative claims for the refund or issuance of tax credit certificates amounting to P51,920,893.34 representing unutilized input taxes paid on its purchases of capital goods for the period January 1, 2004 to December 31, 2004; and for P26,274,739.79 representing unutilized input taxes paid or incurred on local purchase of goods and services, other than capital goods, attributable to Petitioner's zero-rated sales to the National Power Corporation (NPC) for the period January 1, 2004 to December 31, 2004, respectively; and,

12. Whether or not Petitioner is entitled to a tax credit certificate in the total amount of Seventy-Eight Million One Hundred Ninety-Five Thousand Six Hundred Thirty-Three Pesos and 13/100 (P78,195,633.13) representing its unutilized input taxes for the period January 1, 2004 to December 31, 2004."

Being interrelated, We simplify the foregoing issues into a general all-encompassing issue, as follows:

"Whether or not petitioner is entitled to issuance of tax credit certificate in the total amount of Seventy Eight Million One Hundred Ninety Five Thousand Six Hundred Thirty Three Pesos and Thirteen Centavos (₱ 78,195,633.13), representing alleged unutilized input taxes for the period covering January 1, 2004 to December 31, 2004, pursuant to Section 112 (A) and (B), and Section 229 of the NIRC of 1997."

Petitioner's arguments

Petitioner asserts that it had sufficiently proven that it has complied with all the basic requirements in order to be entitled to the issuance of a tax credit certificate. It points out that it is a VAT-registered person; that the input taxes being claimed were paid; that said input taxes have not been applied against its output tax liability; and that its administrative and judicial claims for refund or the issuance of a tax credit certificate were seasonably filed.

Respondent's counter-argument

Respondent contends that petitioner has not sufficiently proven its claim as the amount of ₱ 78,195,633.15 representing unutilized VAT input taxes for the period January 1, 2004 to December 31, 2004 was not properly documented in accordance with the requirements set forth under Section 112 (C) of the Tax Code of 1997. Thus, the instant petition should allegedly be dismissed for lack of merit.

THIS COURT'S RULING

Petitioner anchors its claim on Sections 110(A) and (B), and 112(A) and (B) of the NIRC of 1997, which are quoted hereunder for ready reference:

"***SEC. 110. Tax Credits.*** ***-***

(A) Creditable Input Tax. -

(1) Any input tax evidenced by a VAT invoice or official receipt issued in accordance with Section 113 hereof on the following transactions shall be creditable against the output tax:

(a) Purchase or importation of goods:
  (i) For sale; or
  (ii) For conversion into or intended to form part of a finished product for sale including packaging materials; or
  (iii) For use as supplies in the course of business; or
  (iv) For use as materials supplied in the sale of service; or
  (v) For use in trade or business for which deduction for depreciation or amortization is allowed under this Code, except automobiles, aircraft and yachts.

(b) Purchase of services on which a value-added tax has been actually paid.

(2) The input tax on domestic purchase of goods or properties shall be creditable:

(a) To the purchaser upon consummation of sale and on importation of goods or properties; and
(b) To the importer upon payment of the value-added tax prior to the release of the goods from the custody of the Bureau of Customs.

However, in the case of purchase of services, lease or use of properties, the input tax shall be creditable to the purchaser, lessee or licensee upon payment of the compensation, rental, royalty or fee.

(3) A VAT-registered person who is also engaged in transactions not subject to the value-added tax shall be allowed tax credit as follows:

(a) Total input tax which can be directly attributed to transactions subject to value-added tax; and
(b) A ratable portion of any input tax which cannot be directly attributed to either activity.

The term *"**input tax**"* means the value-added tax due from or paid by a VAT-registered person in the course of his trade or business on importation of goods or local purchase of goods or services, including lease or use of property, from a VAT-registered person. It shall also include the transitional input tax determined in accordance with Section 111 of this Code.

The term *"**output tax**"* means the value-added tax due on the sale or lease of taxable goods or properties or services by any person registered or required to register under Section 236 of this Code.

***(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 carried over to the succeeding quarter or quarters. Any input tax attributable to the purchase of capital goods or 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."

*"**<u>SEC. 112. Refunds or Tax Credits of Input Tax</u>. -***

***(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.

***(B) Capital Goods.* -** A VAT-registered person may apply for the issuance of a tax credit certificate or refund of input taxes paid on capital goods imported or locally purchased, to the extent that such input taxes have not been applied against output taxes. The application may be made only within two (2) years after the close of the taxable quarter when the importation or purchase was made. "

The aforequoted provisions mention two (2) instances when the refund/tax credit of excess input VAT within two (2) years after the close of the taxable quarter may be allowed: (A) when the excess input VAT is attributable to zero-rated or effectively zero-rated sales;[18] or (B) when the excess input VAT is attributable to capital goods, imported or locally purchased by a VAT-registered person.[19]

Records show that petitioner's Amended Quarterly VAT Returns for the four quarters of calendar year 2004 reflect the following details:

Exhibit	Taxable Quarter	Date Filed	Zero-Rated Sales	Input Tax on Capital Goods	Input Tax on Other Goods and Services	Total Input Tax
Z	1st	3/23/2005	₱ 1,589,203,468.07	₱ 25,288,903.22	₱ 10,254,146.56	₱ 35,543,049.78
BB	2nd	6/29/2005	1,585,170,102.07	12,936,890.84	3,464,870.57	16,401,761.41
DD	3rd	6/29/2005	1,597,052,738.88	7,671,732.65	8,055,716.95	15,727,449.60
FF	4th	6/29/2005	1,600,605,038.92	6,105,854.91	4,526,170.73	10,632,025.64
Total			**₱ 6,372,031,347.94**	**₱ 52,003,381.62**	**₱ 26,300,904.81**	**₱ 78,304,286.43**

Out of the reported input VAT of ₱ 78,304,286.43, only the amount of ₱ 78,195,633.13, representing input tax on capital goods purchased in the amount of ₱ 51,920,893.34 and input tax on local purchases of goods and services other than capital goods in the amount of ₱ 26,274,739.79, can be the subject of the present claim, computed as follows:[20]

Quarter-2004	Capital Goods	Other Goods/Services	Total
1st	₱ 25,288,903.22	₱ 10,254,146.56	₱ 35,543,049.78
2nd	12,854,402.56	3,463,398.95	16,317,801.51
3rd	7,671,732.65	8,052,618.89	15,724,351.54
4th	6,105,854.91	4,504,575.39	10,610,430.30
Total	**₱ 51,920,893.34**	**₱ 26,274,739.79**	**₱ 8,195,633.13**

Before We look into the merits of petitioner's claimed input VAT in the total amount of Seventy Eight Million One Hundred Ninety Five Thousand Six Hundred Thirty Three Pesos and Thirteen Centavos (₱ 78,195,633.13), a prior determination

[18] Section 112 (A), NIRC of 1997.
[19] Section 112 (B), NIRC of 1997.
[20] Refer to Annex "A" of Exhibit "HHHHH".

of the timeliness of the filing of the instant claim is appropriate considering that claims filed beyond the reglementary period will not prosper.

In the case of **Commissioner of Internal Revenue vs. Mirant Pagbilao Corporation (Formerly Southern Energy Quezon, Inc.),**[21] the Supreme Court held that the period within which to file the claim for refund or tax credits of unutilized input VAT attributable to zero-rated or effectively zero-rated sales is provided under Section 112(A) of the NIRC of 1997. The pertinent portion of the High Court's Decision reads:

> "The claim for refund or tax credit for the creditable input VAT payment made by MPC embodied in OR No. 0189 was filed beyond the period provided by law for such claim. Sec. 112 (A) of the NIRC pertinently reads:
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>> (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 <u>when the sales were made</u>, apply for the issuance of a tax credit certificate or refund of creditable input tax <u>due or paid</u> attributable to such sales**, except transitional input tax, to the extent that such input tax has not been applied against output tax: x x x (Emphasis ours.)
>
> **<u>The above proviso clearly provides in no uncertain terms that unutilized input VAT payments not otherwise used for any internal revenue tax due the taxpayer must be claimed within two years reckoned from the close of the taxable quarter when the relevant sales were made pertaining to the input VAT regardless of whether said tax was paid or not</u>**. As the CA aptly puts it, albeit it erroneously applied the aforequoted Sec. 112 (A), '[P]rescriptive period commences from the close of the taxable quarter when the sales were made and not from the time the input VAT was paid nor from the time the official receipt was issued.' Thus, when a zero-rated VAT taxpayer pays its input VAT a year after the pertinent transaction, said taxpayer only has a year to file a claim for refund or tax credit of the unutilized creditable input VAT. **<u>The reckoning frame would always be the end of the quarter when the pertinent sales or transaction was made, regardless when the input VAT was paid.</u>** xxx" (*Emphases and underscoring supplied*)

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[21] G.R. No. 172129, September 12, 2008.

Based on the aforequoted jurisprudence, the reckoning of the prescriptive period shall commence from the close of the taxable quarter when the relevant sales were made pertaining to the input VAT regardless of whether said tax was paid or not. The present claim involves petitioner's input VAT incurred for the four (4) quarters of 2004. Counting from the close of each of the said taxable quarters, petitioner had until the following dates within which to file its claim, both in the administrative and judicial levels:

Taxable Quarter (Year 2004)	Close of Taxable Quarter	End of Two(2) year period	Date of Filing		Amount of Claim
			Administrative Claim	Judicial Claim	
1st	3/31/2004	3/31/2006	6/30/2005	4/20/2006	₱ 35,543,049.78
2nd	6/30/2004	6/30/2006	6/30/2005	4/20/2006	₱ 16,317,801.51
3rd	9/30/2004	9/30/2006	6/30/2005	4/20/2006	₱ 15,724,351.54
4th	12/31/2004	12/31/06	6/30/2005	4/20/2006	₱ 10,610,430.30

As shown in the foregoing table, petitioner's administrative and judicial claims for refund of input VAT for the second, third, and fourth quarters of 2004 fall within the two-year prescriptive period except that of the first quarter of 2004 which closed on March 31, 2004. Although petitioner's administrative claim for the first quarter of 2004 was filed seasonably on June 30, 2005, its judicial claim thereon (which is included in the instant Petition for Review) was filed out of time, or only on April 20, 2006, or beyond the two-year prescriptive period, the last day of which was on March 31, 2006. Consequently, petitioner's claim for refund of the input taxes for the first quarter of 2004 in the amount of ₱ 35,543,049.78, representing the sum of the input VAT claim on capital goods purchases amounting to ₱ 25,288,903.22 and of the input VAT claim on other goods and services amounting to ₱ 10,254,146.56 shall be disallowed in this petition.

Accordingly, We shall evaluate petitioner's refund claim of excess input VAT only those pertaining to the second, third, and fourth quarters of 2004 in the total amount of ₱ 42,652,583.35,[22] consisting of the following: input VAT claim on capital goods amounting to ₱ 26,631,990.12;[23] and input VAT claim on other goods and services amounting to ₱ 16,020,593.23.[24]

Petitioner avers however that in the event that a portion of its tax credit claim for unutilized input taxes on the purchase of capital goods is disallowed for not falling under the category of "capital goods" under Section 112(B) of the NIRC of 1997, it is nevertheless still entitled to claim the same as a tax credit/refund under Section 112(A) of the NIRC of 1997 because said unutilized input taxes are also attributable to its effectively zero-rated sales to the National Power Corporation (NPC) for calendar year 2004.[25]

Taking the foregoing into consideration, We shall first discuss petitioner's claimed input taxes on domestic purchases of capital goods in the reduced amount of ₱ 26,631,990.12 as allowed under Section 112(B) of the NIRC of 1997, upon compliance with the following requisites:

1. that claimant is a VAT-registered person;
2. that input taxes were paid on capital goods imported or locally purchased;
3. that such input taxes were not applied against its output VAT liability; and
4. that the claim for refund was filed within the two-year prescriptive period.

[22] ₱ 78,195,633.13 less ₱ 35,543,049.78.
[23] ₱ 51,920,893.34 less ₱ 25,288,903.22.
[24] ₱ 26,274,739.79 less ₱ 10,254,146.56.
[25] Par. 32, Memorandum for the Petitioner, Docket, p. 771.

It is undisputed that petitioner is a VAT-registered entity.[26]

To determine compliance with the second requirement, We look into the meaning of "capital goods" as defined in Section 4.106-1 of Revenue Regulations (R.R.) No. 7-95[27], implementing Section 112(B) of the NIRC of 1997, to wit:

> "**SECTION 4.106-1.** ***Refunds or tax credits of input tax. -***
>
> xxx xxx xxx
>
> **(b) Capital Goods –**
>
> xxx xxx xxx
>
> 'Capital goods or properties' refer to goods or properties with estimated useful life greater than one year and which are treated as depreciable assets under Section 29(f)[28], used directly or indirectly in the production or sale of taxable goods or services."

Clearly, in order that the items purchased can be classified as capital goods or properties, petitioner must show compliance with the following:

1. that the goods or properties must have estimated useful life of more than one year;
2. they are treated as depreciable assets under Section 29(f)[29]; and
3. they are used directly or indirectly in the production or sale of taxable goods or services.

Petitioner alleges that its input VAT on capital goods represents payments to its contractors and/or suppliers of goods and services, such as IMPSA Construction Corporation, among others, for the construction of the hydroelectric power plants in Laguna, as well as for the rehabilitation, construction, and start-up of the power plant complex; and these payments purportedly qualify as capital goods. To support its

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[26] Par. 3, Facts Admitted, JSFI, Docket, p. 328; Annex "C", Petition for Review, Docket, p. 28.
[27] SUBJECT:Consolidated Value-Added Tax Regulations
[28] Now, Section 34(F), NIRC of 1997.
[29] *Id.*

claim, petitioner submitted various VAT invoices/official receipts[30], including its Summary of VAT for the months of January to December 2004[31], and the Report[32] of Mr. Richard Lapres of Manabat Delgado Amper & Co., the Court-commissioned Independent Certified Public Accountant (CPA).

Moreover, petitioner's Accounting Manager, Joey Polintan, testified by way of Affidavit,[33] that petitioner's payments to and/or billings by its contractors and/or suppliers of capital goods are reflected under "Property, Plant and Equipment" in the Statement of Assets, Liabilities, and Partners' Capital as of December 31, 2004 and 2003 of the Audited Financial Statements for the period ending December 31, 2004; that the said payments to and/or progress billings by its contractors and/or suppliers of capital goods were initially recorded under the asset account "Construction Work in Progress"; that once a particular power plant is completed, the accumulated costs in the "Construction Work in Progress" accounts are then transferred to the corresponding "Property, Plant and Equipment" accounts. Therefore, according to him, a depreciation expense is recognized upon completion of each unit by recording depreciation expense and the corresponding accumulated depreciation in its General Ledgers.

A perusal of the above-mentioned documents however fails to convince the Court that such payments were reported in petitioner's financial statements for the years 2003 and 2004[34]. In addition, petitioner neglected to provide a detailed

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[30] Exhibits "BBBB-1" to "BBBB-1335", "BBBB-1A" to "BBBB-1335A", "CCCC-1" to "CCCC-510", "CCCC-1A" to "CCCC-510A", "DDDD-1" to "DDDD-74", "DDDD-1A" to "DDDD-74A", "EEEE-1" to "EEEE-162", "EEEE-11A" to "EEEE-162A", "FFFF-1" to "FFFF-58", "FFFF-2A to "FFFF-57A", "GGGG-1" to "GGGG-7", "GGGG-1A" to "GGGG-7A", "HHHH-1" to "HHHH-61", "HHHH-1A" to "HHHH-61A", "IIII-1" to "IIII-11", "IIII-1A" to "IIII-7A", "JJJJ-1" to "JJJJ-46", and "JJJJ-1A" to "JJJJ-44A".
[31] Annex "A", Exhibit "HHHHH".
[32] Exhibit "HHHHH".
[33] Exhibit "YYY", at pp. 13-14. Docket, pp. 424-425.
[34] Exhibit "JJJ".

schedule of each of its accounts under "Property, Plant and Equipment", to enable the Court to ascertain and reconcile the corresponding payments to, and/or billings by its contractors and/or suppliers of capital goods. And as previously discussed, the input VAT arising from the purchase of capital goods pertaining to the first quarter in the amount of ₱ 25,288,903.22 shall be disallowed due to prescription.

Furthermore, in his Report[35] dated September 24, 2007, the Court-commissioned Independent CPA presented the following findings as regards petitioner's purchases of capital goods:

		ICPA Report	Input VAT
1	Missing Official Receipts (Exhibits GGGG-1 and GGGG-1A)	Annex G	₱ 1,177,856.52
2	Supported by out of period official receipts. (Exhibits GGGG-2 to GGGG-7, and GGGG-2A to GGGG-7A)	Annex G	861,903.37
3	Discrepancies due to rounding off differences in foreign currency rate used by Company against per examination. (Exhibits JJJJ-1 to JJJJ-44, JJJJ-46 and JJJJ-1A to JJJJJ-44A)	Annex J	165,445.57
	Total		**₱ 2,205,205.46**

We break down the above amount of ₱ 2,205,205.46 on a per quarter basis, as follows:[36]

		Exhibit	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
1	Missing Official Receipts	Annex G	-	₱ 306,259.49	-	₱ 871,597.03	₱ 1,177,856.52
2	Supported by out of period official receipts.	Annex G	-	-	-	861,903.37	861,903.37
3	Discrepancies due to rounding off differences in foreign currency rate used by Company against per examination.	Annex J	₱ 43,723.75[37]	12,706.96	₱ 512.14	108,502.72	165,445.57
	Total		**₱ 43,723.75**	**₱ 318,966.45**	**₱ 512.14**	**₱ 1,842,003.12**	**₱ 2,205,205.46**

Thus, the remaining input VAT claim on capital goods substantiated by VAT official receipts/sales invoices, considering the above findings of the Independent CPA, specifically, that which refers to the above-stated discrepancies due to

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[35] Exhibit "HHHHH", pp. 10-11.
[36] Annexes "G" and "J", Exhibit "HHHHH".
[37] Refer to Annex "1" of this Decision.

rounding off in the amount of ₱ 43,723.75, and those that are already barred by prescription, is computed as follows:

Input VAT claim on capital goods		₱ 51,920,893.34
Less: Disallowances		
-Input VAT (for the 1st Qtr.-2004) barred due to prescription	₱ 25,288,903.22	
-Per ICPA's Findings pertaining to 2nd, 3rd, and 4th qtrs. (P2,205,205.46 less P43,723.75)	2,161,481.71	27,450,384.93
Remaining Input VAT claim on capital goods		**₱ 24,470,508.41**

Notably, petitioner substantiated with VAT official receipts/sales invoices its remaining claimed input VAT on capital goods of ₱ 24,470,508.41, but it failed to prove that the related purchases formed part of the account under "Property, Plant and Equipment" as reflected in its audited financial statements for calendar year 2004.

Nevertheless however, as correctly pointed out by petitioner, it may still claim the substantiated input taxes on purchases of capital goods under Section 112(A) of the NIRC of 1997, because the said input taxes are also attributable to petitioner's zero-rated sales for calendar year 2004. Relative thereto, it is vital to petitioner 's claim to prove compliance with the requisites mentioned in Section 112(A) of the NIRC of 1997, to wit:

1. there must be zero-rated or effectively zero-rated sales;
2. that input taxes were incurred or paid;
3. that such input taxes are directly attributable to zero-rated sales or effectively zero-rated sales;
4. that the input taxes were not applied against any output VAT liability during and in the succeeding quarters; and
5. that the claim for refund was filed within the two-year prescriptive period.

As regards the first requisite, there is no argument that the sale of electricity by a VAT-registered taxpayer, like herein petitioner, to the NPC is effectively subject to zero percent (0%) VAT, pursuant to Section 108(B)(3) of the NIRC of 1997. This issue had been settled in the landmark case of **Maceda vs. Macaraig**[38], where the Supreme Court held that:

> "The NPC is a non-profit public corporation created for the general good and welfare, wholly owned by the government of the Republic of the Philippines. From the very beginning of its corporate existence, the NPC enjoyed preferential tax treatment, to enable the Corporation to pay the indebtedness and obligation and in furtherance and effective implementation of the policy enunciated in Section one of 'Republic Act No. 6395' which provides:
>
> xxx xxx xxx
>
> x x x. Presidential Decree No. 938 amended the tax exemption by simplifying the same law in general terms. It succinctly exempts NPC from *'all forms of taxes*, duties, fees, imposts, as well as costs and service fees including filing fees, appeal bonds, supersedeas bonds, in any court or administrative proceedings'.
>
> The use of the phrase 'all forms' of taxes demonstrate the intention of the law to give NPC all the tax exemptions it has been enjoying before. The rationale for this exemption is that being non-profit the NPC 'shall devote all its returns from its capital investment as well as excess revenues of its operation, for expansion. xxx'
>
> xxx xxx xxx
>
> It is evident from the provisions of P.D. No. 938 that its purpose is to maintain the tax exemption of NPC from *all forms* of taxes including indirect taxes as provided for under R.A. No. 6895 and P.D. No. 380 if it is to attain its goals."

Moreover, in the same case, NPC's tax exemption was affirmed and further explained as follows:

> "A chronological review of the NPC laws will show that it has been the lawmaker's intention that the NPC was to be completely tax-exempt from all forms of taxes – direct and indirect.
>
> xxx xxx xxx
>
> One common theme in all these laws is that the NPC must be enable to pay its indebtedness which, as P.D. No. 938 was P12 Billion

[38] G.R. No. 88291, May 31, 1991.

in total domestic indebtedness, at any one time, and US$4 Billion in total foreign loans at any one time. The NPC must be and has to be exempt from all forms of taxes if this goal is to be achieved"[39].

In keeping with the foregoing jurisprudence, the Court has consistently ruled that the NPC is an entity with a special charter, which categorically makes it exempt from payment of all taxes, whether direct or indirect, including VAT. Hence, services rendered by a VAT-registered entity, like herein petitioner, to NPC are effectively subject to zero percent (0%) VAT. Moreover, the BIR itself approved petitioner's Application for VAT Zero-rating dated December 29, 2003 which is "(v)alid only for sale of electricity from January 1, 2004 to December 31, 2004, unless sooner revoked."[40]

It was also established that petitioner entered into a Second Accession Undertaking with the NPC and its affiliates, Industrias Metalurgicas Pescarmona S.S. (IMPSA) and CBK Power Corporation (CBK Power) on September 20, 2000, wherein petitioner became a party to a Build-Rehabilitate-Operate-and-Transfer (BROT) Agreement dated November 6, 1998 to rehabilitate, construct, operate, and maintain the Caliraya, Botocan, and Kalayaan hydroelectric power plants.[41] Under the BROT Agreement, petitioner shall generate and supply electricity to NPC and shall receive fees in consideration thereof.[42]

In its Amended VAT Returns for the second, third, and fourth quarters of calendar year 2004, petitioner's reported effectively zero-rated sales/receipts amounted to ₱ 4,782,827,879.87.[43] However, out of the reported effectively zero-

[39] Resolution dated June 8, 1993, G.R. No. 88291 (223 SCRA 217).
[40] Exhibit "I".
[41] Exhibit "D".
[42] Exhibit "C-6"
[43] Exhibits "BB-2", "DD-4", and "FF-4".

rated sales/receipts of ₱ 4,782,827,879.87, only the amount of ₱ 4,539,223,259.11[44] is duly covered by official receipts. Therefore, only a portion of the input VAT claim attributable to the substantiated zero-rated receipts will be considered for refund. The rate to be applied is computed as follows:

Supported zero-rated receipts	₱ 4,539,223,259.11
Divided by total declared zero-rated receipts	÷ P4,782,827,879.87
Rate of supported zero-rated receipts	**94.906682262%**

To prove compliance with the second requisite, petitioner submitted invoices and official receipts to support its purchase of goods other than capital goods and services for calendar year 2004, which has corresponding input VAT in the aggregate amount of ₱ 26,274,739.79. As earlier mentioned, the input VAT arising from the purchase of goods other than capital goods and services pertaining to the first quarter in the amount of P10,254,146.56 shall be disallowed due to prescription.

Upon verification of the submitted documents, the Independent CPA had come up with the following findings, to wit:

	FINDINGS	**Exhibit "HHHHH"**	**Total**
A.	***INPUT VAT ON PURCHASES OF SERVICES***		
1	Missing Official Receipts	Annex E	₱ 714,611.90
2	Original ORs not available, supported only by photocopies of the original ORs.	Annex E	6,849.59
3	Without ORs, supported by machine validated invoices. Invoices do not have BIR authority to print.	Annex E	58,972.21
4	Without ORs, supported only by bank deposit or bank transaction record. Bank deposit slips and bank transaction records do not comply with invoicing requirements.	Annex E	2,054.05
5	Supported by ORs which do not bear BIR authority to print.	Annex E	2,545.46
6	Supported by out of period Ors.	Annex E	15,881.35
7	Supported by non-VAT ORs.	Annex E	5,066,752.54
8	Supported by provisional receipts.	Annex E	152,758.41
9	Supported by ORs not in the name of the Company.	Annex E	798.41

[44] See Annex "4" of this Decision.

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10	Supported by OR where the Php amounts are exactly the same as the invoice amount in USD - Exclusive of input VAT per audit based on Php amount.	Annex H	794,883.30
11	Discrepancies due to difference in foreign currency rate used by Company against per examination.	Annex H	12,166.69
12	Supported by official receipts wit VAT amount incorrectly computed.	Annex H	42,955.69
			₱ 6,871,229.60
	B. INPUT VAT ON PURCHASES OF GOODS OTHER THAN CAPITAL GOODS		
1	Missing Sales Invoices.	Annex F	₱ 143,971.32
2	Supported by Sales Invoices which do not bear BIR authority to print.	Annex F	8,648.21
3	Supported by statement of accounts or other documents which do not comply with invoicing requirements.	Annex F	104,994.69
4	Unsubstantiated VAT on importation of goods (No import declarations or import entry documents evidencing payment of VAT).	Annex F	327,297.00
5	Supported by out of period sales invoices.	Annex F	69,661.54
6	Supported by sales invoices not in the name of the Company.	Annex F	259.09
7	Original sales invoice not available, supported only by photocopies of the original sales invoice.	Annex F	11,492.44
8	Discrepancies due to rounding off differences in foreign currency rate used by Company against per examination.	Annex I	29.81
9	Supported by sales invoices with VAT amount incorrectly computed.	Annex I	818.20
			667,172.30
	TOTAL		**₱ 7,538,401.90**

Out of the above amount of ₱ 7,538,401.90, the input VAT of ₱ 6,026,719.82[45], as shown below, pertains to the first quarter of 2004:

	FINDINGS	Exhibit	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
A. EXCEPTIONS OF INPUT VAT ON PURCHASES OF SERVICES							
1	Missing Official Receipts	Annex E	₱ 381,795.19	₱ 4,070.15	₱ 139,532.79	₱ 189,213.77	₱ 714,611.90
2	Original ORs not available, supported only by photocopies of the original ORs.	Annex E	6,376.86	-	-	472.73	6,849.59

[45] Refer to Annexes "2" and "3" of this Decision.

3	Without ORs, supported by machine validated invoices. Invoices do not have BIR authority to print.	Annex E	17,685.91	16,811.68	15,172.98	9,301.64	58,972.21
4	Without ORs, supported only by bank deposit or bank transaction record. Bank deposit slips and bank transaction records do not comply with invoicing requirements.	Annex E	1,917.50	-	136.55	-	2,054.05
5	Supported by ORs which do not bear BIR authority to print.	Annex E	-	-	-	2,545.46	2,545.46
6	Supported by out of period Ors.	Annex E	-	221.50	-	15,659.85	15,881.35
7	Supported by non-VAT Ors.	Annex E	5,059,404.65	557.41	-	6,790.48	5,066,752.54
8	Supported by provisional receipts.	Annex E	-	29,023.77	-	123,734.64	152,758.41
9	Supported by ORs not in the name of the Company.	Annex E	688.71	-	109.70	-	798.41
10	Supported by ORs where the Php amounts are exactly the same as the invoice amount in USD - Exclusive of input VAT per audit based on Php amount.	Annex H	476,169.44	318,713.86	-	-	794,883.30
11	Discrepancies due to difference in foreign currency rate used by Company against per examination.	Annex H	2,773.56	2,667.69	5,548.10	1,177.34	12,166.69
12	Supported by official receipts wit VAT amount incorrectly computed.	Annex H	18,830.65	3,282.86	19,024.01	1,818.17	42,955.69
			₱ 5,965,642.47	**₱ 375,348.92**	**₱ 179,524.13**	**₱ 350,714.08**	**₱ 6,871,229.60**
B. EXCEPTIONS OF INPUT VAT ON PURCHASES OF GOODS OTHER THAN CAPITAL GOODS							
1	Missing Sales Invoices.	Annex F	₱ 980.25	₱ 1,757.46	-	₱ 141,233.61	₱ 143,971.32
2	Supported by Sales Invoices which do not bear BIR authority to print.	Annex F	-	-	-	8,648.21	8,648.21
3	Supported by statement of accounts or other documents which do not comply with invoicing requirements.	Annex F	14,123.84	18,335.36	37,039.21	35,496.28	104,994.69
4	Unsubstantiated VAT on importation of goods (No import declarations or import entry documents evidencing payment of VAT).	Annex F	-	-	-	327,297.00	327,297.00
5	Supported by out of period sales invoices.	Annex F	45,685.17	22,330.91	1,645.46	-	69,661.54
6	Supported by sales invoices not in the name of the Company.	Annex F	259.09	-	-	-	259.09
7	Original sales invoice not available, supported only by photocopies of the original sales invoice.	Annex F	-	-	-	11,492.44	11,492.44
8	Discrepancies due to rounding off differences in foreign currency rate used by Company against per examination.	Annex I	29.00	-	0.25	0.56	29.81
9	Supported by sales invoices with VAT amount incorrectly computed.	Annex I	-	-	-	818.20	818.20
			₱ 61,077.35	**₱ 42,423.73**	**₱ 38,684.92**	**₱ 524,986.30**	**₱ 667,172.30**
	TOTAL		**₱ 6,026,719.82**	**₱ 417,772.65**	**₱ 218,209.05**	**₱ 75,700.38**	**₱ 7,538,401.90**

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Thus, deducting the said amount of ₱ 6,026,719.89 from the amount of ₱ 7,538,401.90, the resulting difference in the amount of ₱ 1,511,682.08 would pertain to the second, third, and fourth quarters of 2004; hence, the remaining input VAT claim on goods other than capital goods amounts to ₱ 14,508,911.15, computed as follows:

Input VAT claim on goods other than capital goods and services		₱ 26,274,739.79
Less: Disallowances		
Input VAT barred due to prescription	₱ 10,254,146.56	
Per ICPA's Findings pertaining to 2nd, 3rd and 4th quarters	1,511,682.08	11,765,828.64
Remaining Input VAT claim on goods other than capital goods and services		**₱ 14,508,911.15**

To recapitulate, out of the claimed input VAT of ₱ 78,195,633.13 for the four quarters of calendar year 2004, only the input VAT in the total amount of ₱ 38,979,419.56 which are attributable to its effectively zero-rated sales can be a proper subject of a claim for refund or tax credit, determined as follows:

Substantiated Input VAT claim on capital goods	₱ 24,470,508.41
Substantiated Input VAT claim on other goods and services	14,508,911.15
Total Substantiated Input VAT	**₱ 38,979,419.56**

As regards the requirement that no input were applied against any output VAT liability during and in the succeeding quarter, considering that all of petitioner's sales were effectively zero-rated,[46] there is no output VAT to speak of. In other words, the input taxes were not applied against any output VAT liability, and the said unutilized input VAT was not carried over to the succeeding taxable quarters, as evidenced by its VAT Returns for the four quarters of calendar year 2005.[47]

Lastly, anent the timeliness of the administrative and judicial claim, as discussed earlier, petitioner's administrative and judicial claims for refund pertaining

[46] Exhibits "Z", "BB", "DD", and "FF".
[47] Exhibits "HH", "JJ", "LL", and "NN".

to its local purchases of goods and services attributable to its effectively zero rated sales for the second, third and fourth quarter of 2004 were filed within the two-year prescriptive period. However, as regards its claim pertaining to the first quarter of 2004, although its administrative claim thereon was filed within the two-year period, its judicial claim which is included in the instant petition for review, was filed out of time, and will therefore be denied.

In sum, petitioner has sufficiently proven its entitlement to the issuance of tax credit certificate, representing unutilized excess input VAT on local purchases of goods and services attributable to effectively zero-rated sales for calendar year 2004, but only in the reduced amount of ₱ 36,994,073.87, computed as follows:

Substantiated Input VAT	₱ 38,979,419.56
Rate of supported zero-rated sales	x 94.906682262%
Valid Input VAT attributable to effectively zero-rated sales	**P 36,994,073.87**

WHEREFORE, all the foregoing considered, the instant Petition for Review is hereby **PARTIALLY GRANTED**. Accordingly, respondent is hereby **ORDERED TO ISSUE A TAX CREDIT CERTIFICATE** in favor of petitioner in the reduced amount of **THIRTY SIX MILLION NINE HUNDRED NINETY FOUR THOUSAND SEVENTY THREE PESOS AND 87/100 (₱ 36,994,073.87)**, representing unutilized input VAT for calendar year 2004.

SO ORDERED.

ERLINDA P. UY
Associate Justice

WE CONCUR:

JUANITO C. CASTAÑEDA, JR.
Associate Justice

OLGA PALANCA-ENRIQUEZ
Associate Justice

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, 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.

JUANITO C. CASTAÑEDA, JR.
Acting Presiding Justice
Chairperson, 2nd Division

CBK POWER COMPANY LIMITED
INPUT VAT ON PURCHASES OF CAPITAL GOODS
FOR THE YEAR 2004

Annex 1

		Exhibit	Jan	Feb	Mar	1st Qtr	Apr	May	Jun	2nd Qtr	Jul	Aug	Sep	3rd Qtr
1	**Missing Official Receipts**	Annex G				-				306,259.49				-
	IMPSA Construction Corp.							306,259.49						
	IMPSA Construction Corp.													
	Trevi Foundations Phils.													
	Twin V Tech Systems & Services													
2	**Supported by out of period official receipts.**	Annex G				-				-				-
	Building Construction Maintenance													
	Building Construction Maintenance													
	People's Asia Pacific Construction Corp.													
	Sta. Clara International Corp.													
	Twin V Tech Systems and Services													
	Twin V Tech Systems and Services													
3	**Discrepancies due to rounding off differences in foreign currency rate used by Company against per examination.**	Annex J				43,723.75				12,706.96				512.14
	IMPSA Construction Corp.		43,723.75											
	People's Asia Pacific Construction						225.09							
	People's Asia Pacific Construction						879.06							
	IMPSA Construction Corp.						1,439.49							
	Whessoe Phils. Construction						4,907.88							
	Whessoe Phils. Construction						1,506.97							
	BCMS International Specialty							487.05						
	Supreme Strategic Construction System							24.24						
	Sta. Clara International Corp.								3,237.18					
	Arnel Mojica Const.										122.56			
	Supreme Strategic Construction System										77.09			
	Supreme Strategic Construction System										21.96			
	People's Asia Pacific Construction											2.90		
	People's Asia Pacific Construction											0.52		
	Sta. Clara International Corp.											268.25		
	Whessoe Phils. Construction											14.47		
	Whessoe Phils. Construction											3.41		
	Whessoe Phils. Construction											0.98		
	Supreme Strategic Construction System													
	Supreme Strategic Construction System													
	Sta. Clara International Corp.													
	Sta. Clara International Corp.													

ɜK POWER COMPANY LIMITED
PUT VAT ON PURCHASES OF CAPITAL
ƆODS
ƆR THE YEAR 2004

	Exhibit	Jan	Feb	Mar	1st Qtr	Apr	May	Jun	2nd Qtr	Jul	Aug	Sep	3rd Qtr
Building Const. Maint. Services													
Supreme Strategic Construction System													
Supreme Strategic Construction System													
Supreme Strategic Construction System													
Sta. Clara International Corp.													
Sta. Clara International Corp.													
Trevi Foundations Phils., Inc.													
Trevi Foundations Phils., Inc.													
Sta. Clara International Corp.													
Sta. Clara International Corp.													
Building Const. Maint. Services													
People's Asia Pacific Construction													
People's Asia Pacific Construction													
People's Asia Pacific Construction													
People's Asia Pacific Construction													
Supreme Strategic Construction System													
Supreme Strategic Construction System													
Supreme Strategic Construction System													
Trevi Foundations Phils., Inc.													
Whessoe Phils. Construction													
Whessoe Phils. Construction													
Whessoe Phils. Construction													
		43,723.75	-	-	*43,723.75*	8,958.49	306,770.78	3,237.18	*318,966.45*	221.61	290.53	-	*512.14*

CBK POWER COMPANY LIMITED
INPUT VAT ON PURCHASES OF CAPITAL GOODS
FOR THE YEAR 2004

		Oct	Nov	Dec	4th Qtr	Total
1	**Missing Official Receipts**				871,597.03	1,177,856.52
	IMPSA Construction Corp.					
	IMPSA Construction Corp.		682,177.45			
	Trevi Foundations Phils.		34,834.41			
	Twin V Tech Systems & Services			154,585.17		
2	**Supported by out of period official receipts.**				861,903.37	861,903.37
	Building Construction Maintenance			59,434.06		
	Building Construction Maintenance			383,955.14		
	People's Asia Pacific Construction Corp.			6,336.45		
	Sta. Clara International Corp.			327,403.06		
	Twin V Tech Systems and Services			67,598.40		
	Twin V Tech Systems and Services			17,176.26		
3	**Discrepancies due to rounding off differences in foreign currency rate used by Company against per examination.**				108,502.72	165,445.57
	IMPSA Construction Corp.					
	People's Asia Pacific Construction					
	People's Asia Pacific Construction					
	IMPSA Construction Corp.					
	Whessoe Phils. Construction					
	Whessoe Phils. Construction					
	BCMS International Specialty					
	Supreme Strategic Construction System					
	Sta. Clara International Corp.					
	Arnel Mojica Const.					
	Supreme Strategic Construction System					
	Supreme Strategic Construction System					
	People's Asia Pacific Construction					
	People's Asia Pacific Construction					
	Sta. Clara International Corp.					
	Whessoe Phils. Construction					
	Whessoe Phils. Construction					
	Whessoe Phils. Construction					
	Supreme Strategic Construction System	8.64				
	Supreme Strategic Construction System	32.20				
	Sta. Clara International Corp.	31.62				
	Sta. Clara International Corp.	22.52				

CBK POWER COMPANY LIMITED
INPUT VAT ON PURCHASES OF CAPITAL GOODS
FOR THE YEAR 2004

		Oct	Nov	Dec	4th Qtr	Total
	Building Const. Maint. Services	150.94				
	Supreme Strategic Construction System		14.47			
	Supreme Strategic Construction System		24.40			
	Supreme Strategic Construction System		65.31			
	Sta. Clara International Corp.		81.45			
	Sta. Clara International Corp.		1,247.87			
	Trevi Foundations Phils., Inc.		139.75			
	Trevi Foundations Phils., Inc.		148.50			
	Sta. Clara International Corp.		329.52			
	Sta. Clara International Corp.		418.76			
	Building Const. Maint. Services			598.42		
	People's Asia Pacific Construction			6.50		
	People's Asia Pacific Construction			23.49		
	People's Asia Pacific Construction			91,681.54		
	People's Asia Pacific Construction			12,095.62		
	Supreme Strategic Construction System			110.55		
	Supreme Strategic Construction System			28.80		
	Supreme Strategic Construction System			384.32		
	Trevi Foundations Phils., Inc.			191.64		
	Whessoe Phils. Construction			166.25		
	Whessoe Phils. Construction			89.55		
	Whessoe Phils. Construction			410.09		
		245.92	**719,481.89**	**1,122,275.31**	***1,842,003.12***	**2,205,205.46**

CBK POWER COMPANY LIMITED
EXCEPTIONS OF INPUT VAT ON
PURCHASES OF SERVICES
FOR THE YEAR 2004

		Exhibit	Jan	Feb	Mar	1st Qtr	Apr	May	Jun	2nd Qtr
1	**Missing Official Receipts**	Annex E				381,795.19				4,070.15
	Asian Insights Inc.		2,318.18							
	Globe Telecom		194.65							
	Globe Telecom		59.25							
	Globe Telecom		109.14							
	Angelis Mgmt & Prof. Srvcs.		662.07							
	Angelis Mgmt & Prof. Srvcs.		113.64							
	Globe Telecom			193.90						
	Globe Telecom			188.00						
	Globe Telecom			149.82						
	Angelis Mgmt & Prof. Srvcs.			766.78						
	Solutions Cons. Group			2,234.88						
	Sycip, Salazar & Gatm			18,623.67						
	Sycip, Salazar & Gatm			17.15						
	Control Risk				247,610.00					
	Globe Telecom				208.26					
	Globe Telecom				296.76					
	Globe Telecom				111.87					
	Globe Telecom				203.00					
	Jardine Lloyd Thompson				49.00					
	Media General				2,164.71					
	Sycip, Salazar & Gatm				6,604.62					
	Mondial Tours & Travel				3,235.91					
	PLDT				81.13					
	TUV Product Service Asia				11,922.24					
	Sycip, Salazar & Gatm				83,676.56					
	Jardine Lloyd Thompson						320.99			
	Hearty & Hastings						272.73			
	PLDT						141.12			
	Jardine Lloyd Thompson							3,272.45		
	PLDT							62.86		
	Elite Machines									
	Metrobank Visa									
	Digital Telecom									
	Digital Telecom									
	Digital Telecom									
	Fersal Olace									

CBK POWER COMPANY LIMITED
EXCEPTIONS OF INPUT VAT ON
PURCHASES OF SERVICES
FOR THE YEAR 2004

		Exhibit	Jan	Feb	Mar	1st Qtr	Apr	May	Jun	2nd Qtr
	PLDT									
	Asian Insights Inc.									
	Marsh Philippines, Inc.									
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	Digital Telecom									
	Digital Telecom									
	Digital Telecom									
	Government Performance									
	Counterflow Movers									
	Counterflow Movers									
	PLDT									
	Asian Insights Inc.									
	The Hongkong & Shanghai Bank									
	Mondial Tours & Travel									
	Multi-Lift Sales Corp.									
	Mondial Tours & Travel									
	Royal Cargo Combined									
	Tax Studies & Research Center									
	City Service Corp.									
	EM Cruz Construction									
	La Corona de Pagsanjan									
	City Service Corp.									
	Explorer Freight Corp.									
2	**Original ORs not available, supported only by photocopies of the original ORs.**	Annex E				6,376.86				-
	Clean City Inc.		3,188.43							
	Clean City Inc.		3,188.43							
	F & R Trading & Construction									
3	**Without OR, supported by machine validated invoices. Invoices do not have BIR authority to print.**	Annex E				17,685.91				16,811.68
	PLDT		139.61							
	PLDT		139.61							

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**CBK POWER COMPANY LIMITED
EXCEPTIONS OF INPUT VAT ON
PURCHASES OF SERVICES
FOR THE YEAR 2004**

		Exhibit	Jan	Feb	Mar	1st Qtr	Apr	May	Jun	2nd Qtr
	PLDT		2,813.00							
	PLDT		139.61							
	PLDT		2,504.38							
	PLDT		171.91							
	PLDT			2,813.00						
	PLDT			138.77						
	PLDT			138.77						
	PLDT			138.77						
	PLDT			217.48						
	PLDT			2,716.81						
	PLDT				2,813.00					
	PLDT				140.61					
	PLDT				189.30					
	PLDT				140.61					
	PLDT				140.61					
	PLDT				2,190.06					
	PLDT						2,813.00			
	PLDT						230.66			
	PLDT						141.48			
	PLDT						141.48			
	PLDT						141.48			
	PLDT						2,112.60			
	PLDT							177.26		
	PLDT							140.86		
	PLDT							140.86		
	PLDT							140.86		
	PLDT							2,099.97		
	PLDT							2,813.00		
	PLDT								2,813.00	
	PLDT								2,289.44	
	PLDT								138.69	
	PLDT								199.66	
	PLDT								138.69	
	PLDT								138.69	
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									

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CBK POWER COMPANY LIMITED
EXCEPTIONS OF INPUT VAT ON
PURCHASES OF SERVICES
FOR THE YEAR 2004

		Exhibit	Jan	Feb	Mar	1st Qtr	Apr	May	Jun	2nd Qtr
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	PLDT									

CBK POWER COMPANY LIMITED
EXCEPTIONS OF INPUT VAT ON
PURCHASES OF SERVICES
FOR THE YEAR 2004

		Exhibit	Jan	Feb	Mar	1st Qtr	Apr	May	Jun	2nd Qtr
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
4	**Without OR, supported only by bank deposit or bank transaction record. Bank deposit slips and bank transaction records do not comply with invoicing requirements.**	Annex E				1,917.50				-
	Globe Telecom		75.77							
	Globe Telecom		367.96							
	Globe Telecom		247.04							
	Globe Telecom		523.76							
	Globe Telecom		402.62							
	Globe Telecom		76.51							
	Globe Telecom		140.31							
	Globe Telecom		83.53							
	Skycable									
5	**Supported by OR which do not bear BIR authority to print.**	Annex E				-				-
	Government Performance									
6	**Supported by out of period OR.**	Annex E				-				221.50
	Airfreight 2100, Inc.								55.49	
	Airfreight 2100, Inc.								41.60	
	Airfreight 2100, Inc.								69.12	

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CBK POWER COMPANY LIMITED
EXCEPTIONS OF INPUT VAT ON
PURCHASES OF SERVICES
FOR THE YEAR 2004

		Exhibit	Jan	Feb	Mar	1st Qtr	Apr	May	Jun	2nd Qtr
	Airfreight 2100, Inc.								55.29	
	Copy Quest Corp.									
	Copy Quest Corp.									
	Copy Quest Corp.									
	Dassad Warehousing									
	Webpower Internet									
	Webpower Internet									
	SFM Sales Corp.									
	Heart & Hastings Phils., Inc.									
	Heart & Hastings Phils., Inc.									
	High Grip Auto Center									
	High Grip Auto Center									
	High Grip Auto Center									
	High Grip Auto Center									
	Jefcor Laboratories Inc.									
	Punongbayan & Araullo									
	Punongbayan & Araullo									
	SFM Sales Corp.									
	SFM Sales Corp.									
	Twin V Tech Systems & Serv.									
	USA & Co.									
	USA & Co.									
	Welltech Service Corp.									
7	**Supported by non-VAT ORs.**	Annex E				5,059,404.65				557.41
	Jardine Lloyd Thompson			272,763.30						
	Jardine Lloyd Thompson			4,363,250.11						
	Jardine Lloyd Thompson			415,279.61						
	Sycip, Salazar & Gatm			425.18						
	Sycip, Salazar & Gatm			113.25						
	Sycip, Salazar & Gatm			34.52						
	Jardine Lloyd Thompson				49.00					
	Nu Print Phils.				445.46					
	Sycip, Salazar & Gatm				7,044.22					
	Sycip, Salazar & Gatm								557.41	
	Glezel Catering Services									
	Philam Care Health Systems									
8	**Supported by provisional receipts.**	Annex E				-				29,023.77

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CBK POWER COMPANY LIMITED
EXCEPTIONS OF INPUT VAT ON
PURCHASES OF SERVICES
FOR THE YEAR 2004

		Exhibit	Jan	Feb	Mar	1st Qtr	Apr	May	Jun	2nd Qtr
	Jardine Lloyd Thompson							300.00		
	Jardine Lloyd Thompson							98.00		
	Jardine Lloyd Thompson							28,625.77		
	Jardine Lloyd Thompson									
9	**Supported by OR not in the name of the Company.**	Annex E				688.71				-
	PLDT		112.27							
	PLDT			107.72						
	PLDT				468.72					
	PLDT									
10	**Supported by OR where the Php amounts are exactly the same as the invoice amount in USD - Exclusive of input VAT per audit based on Php amount.**	Annex H				476,169.44				318,713.86
	Business Profiles Inc.		70,396.90							
	Business Profiles Inc.		87,220.99							
	Business Profiles Inc.			87,601.41						
	Business Profiles Inc.			70,706.30						
	Business Profiles Inc.				88,370.74					
	Business Profiles Inc.				71,873.10					
	Business Profiles Inc.						72,000.50			
	Business Profiles Inc.						88,527.38			
	Business Profiles Inc.							70,950.10		
	Business Profiles Inc.							87,235.88		
11	**Discrepancies due to difference in foreign currency rate used by Company against per examination.**	Annex H				2,773.56				2,667.69
	Asian Insights Inc.		54.09							
	EME Philippines		1,543.75							
	Kalayaan Power		950.21							
	Sycip, Salazar & Gatm		219.38							
	Sycip, Salazar & Gatm		1.87							
	Sycip, Salazar & Gatm		4.06							
	Sycip, Salazar & Gatm		0.20							
	Kalayaan Power						2,667.69			
	Business Profiles Inc.									
	Business Profiles Inc.									

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CBK POWER COMPANY LIMITED
EXCEPTIONS OF INPUT VAT ON
PURCHASES OF SERVICES
FOR THE YEAR 2004

		Exhibit	Jan	Feb	Mar	1st Qtr	Apr	May	Jun	2nd Qtr
	Business Profiles Inc.									
	Kalayaan Power									
	TUV Product Service									
	TUV Product Service									
	TUV Product Service									
	Business Profiles Inc.									
	Business Profiles Inc.									
	Business Profiles Inc.									
	Kalayaan Power									
	Business Profiles Inc.									
	Business Profiles Inc.									
	Business Profiles Inc.									
	Business Profiles Inc.									
	Kalayaan Power									
	EME Philippines									
	Business Profiles Inc.									
	Business Profiles Inc.									
12	**Supported by official receipts wit VAT amount incorrectly computed.**	Annex H				18,830.65				3,282.86
	Smart Moves Consulting		1,090.91							
	Globe Telecom		16.12							
	Globe Telecom		157.77							
	Globe Telecom		350.11							
	Globe Telecom		361.91							
	Punongbayan & Araullo		490.19							
	Certeza Surveying & Aerophoto			14,181.82						
	Smart Moves Consulting			1,090.91						
	Smart Moves Consulting				1,090.91					
	Smart Moves Consulting						1,090.91			
	Globe Telecom						8.99			
	Smart Moves Consulting							1,090.91		
	City Service Corp.							1.14		
	Smart Moves Consulting								1,090.91	
	Smart Moves Consulting									
	Jersse Equipt & Supplies Sales									
	Smart Moves Consulting									
	Solutions Consulting									

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CBK POWER COMPANY LIMITED
EXCEPTIONS OF INPUT VAT ON
PURCHASES OF SERVICES
FOR THE YEAR 2004

		Exhibit	Jan	Feb	Mar	1st Qtr	Apr	May	Jun	2nd Qtr
	Smart Moves Consulting									
	Explorer Freight Corp.									
	JNJKons Enterprise									
	Smart Moves Consulting									
	Smart Moves Consulting									
	Smart Moves Consulting									
	Totals		**180,630.14**	**5,253,891.93**	**531,120.40**	***5,965,642.47***	**170,611.01**	**197,149.92**	**7,587.99**	***375,348.92***

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CBK POWER COMPANY LIMITED
EXCEPTIONS OF INPUT VAT ON
PURCHASES OF SERVICES
FOR THE YEAR 2004

		Jul	Aug	Sep	3rd Qtr	Oct	Nov	Dec	4th Qtr	Total
1	**Missing Official Receipts**				139,532.79				189,213.77	714,611.90
	Asian Insights Inc.									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Angelis Mgmt & Prof. Srvcs.									
	Angelis Mgmt & Prof. Srvcs.									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Angelis Mgmt & Prof. Srvcs.									
	Solutions Cons. Group									
	Sycip, Salazar & Gatm									
	Sycip, Salazar & Gatm									
	Control Risk									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Jardine Lloyd Thompson									
	Media General									
	Sycip, Salazar & Gatm									
	Mondial Tours & Travel									
	PLDT									
	TUV Product Service Asia									
	Sycip, Salazar & Gatm									
	Jardine Lloyd Thompson									
	Hearty & Hastings									
	PLDT									
	Jardine Lloyd Thompson									
	PLDT									
	Elite Machines	81.82								
	Metrobank Visa	363.64								
	Digital Telecom		57.84							
	Digital Telecom		152.49							
	Digital Telecom		190.00							
	Fersal Olace		437.73							

CBK POWER COMPANY LIMITED
EXCEPTIONS OF INPUT VAT ON
PURCHASES OF SERVICES
FOR THE YEAR 2004

		Jul	Aug	Sep	3rd Qtr	Oct	Nov	Dec	4th Qtr	Total
	PLDT		112.54							
	Asian Insights Inc.			122,828.45						
	Marsh Philippines, Inc.			11,235.80						
	PLDT			3,109.60						
	PLDT			140.17						
	PLDT			140.17						
	PLDT			166.56						
	PLDT			140.17						
	Digital Telecom			57.88						
	Digital Telecom			153.79						
	Digital Telecom			164.14						
	Government Performance					1,454.55				
	Counterflow Movers					695.46				
	Counterflow Movers					624.55				
	PLDT					120.80				
	Asian Insights Inc.						110,800.66			
	The Hongkong & Shanghai Bank						127.96			
	Mondial Tours & Travel						2,097.55			
	Multi-Lift Sales Corp.						363.64			
	Mondial Tours & Travel						69,196.55			
	Royal Cargo Combined						120.00			
	Tax Studies & Research Center						362.73			
	City Service Corp.							733.50		
	EM Cruz Construction							1,527.27		
	La Corona de Pagsanjan							396.69		
	City Service Corp.							501.86		
	Explorer Freight Corp.							90.00		
2	**Original ORs not available, supported only by photocopies of the original ORs.**				-				472.73	6,849.59
	Clean City Inc.									
	Clean City Inc.									
	F & R Trading & Construction							472.73		
3	**Without OR, supported by machine validated invoices. Invoices do not have BIR authority to print.**				15,172.98				9,301.64	58,972.21
	PLDT									
	PLDT									

CBK POWER COMPANY LIMITED
EXCEPTIONS OF INPUT VAT ON
PURCHASES OF SERVICES
FOR THE YEAR 2004

		Jul	Aug	Sep	3rd Qtr	Oct	Nov	Dec	4th Qtr	Total
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	PLDT									
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	PLDT									
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	PLDT									
	Globe Telecom	166.17								
	Globe Telecom	3.05								
	Globe Telecom	214.39								

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CBK POWER COMPANY LIMITED
EXCEPTIONS OF INPUT VAT ON
PURCHASES OF SERVICES
FOR THE YEAR 2004

		Jul	Aug	Sep	3rd Qtr	Oct	Nov	Dec	4th Qtr	Total
	PLDT	140.20								
	PLDT	140.20								
	PLDT	193.89								
	PLDT	140.20								
	PLDT	2,813.00								
	PLDT	3,101.71								
	Globe Telecom		45.46							
	Globe Telecom		109.09							
	Globe Telecom		109.30							
	Globe Telecom		126.05							
	Globe Telecom		72.60							
	Globe Telecom		109.09							
	Globe Telecom		238.13							
	PLDT		2,813.00							
	PLDT		2,870.96							
	PLDT		140.17							
	PLDT		140.17							
	PLDT		140.17							
	PLDT		174.29							
	Globe Telecom			161.19						
	Globe Telecom			72.60						
	Globe Telecom			166.03						
	Globe Telecom			136.68						
	Globe Telecom			45.46						
	Globe Telecom			72.60						
	Globe Telecom			111.82						
	Globe Telecom			181.68						
	Globe Telecom			223.63						
	Globe Telecom					72.60				
	Globe Telecom					177.19				
	Globe Telecom					134.22				
	Globe Telecom					45.45				
	PLDT					140.17				
	PLDT					219.79				
	PLDT					140.17				
	PLDT					140.17				
	PLDT					3,203.75				

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CBK POWER COMPANY LIMITED
EXCEPTIONS OF INPUT VAT ON
PURCHASES OF SERVICES
FOR THE YEAR 2004

		Jul	Aug	Sep	3rd Qtr	Oct	Nov	Dec	4th Qtr	Total
	Globe Telecom						72.60			
	Globe Telecom						129.07			
	Globe Telecom						183.05			
	Globe Telecom						155.93			
	Globe Telecom						109.77			
	Globe Telecom						72.60			
	Globe Telecom						111.37			
	Globe Telecom						72.60			
	PLDT						2,794.66			
	PLDT						140.17			
	PLDT						140.17			
	PLDT						140.17			
	PLDT						187.94			
	Globe Telecom							188.49		
	Globe Telecom							209.18		
	Globe Telecom							72.60		
	Globe Telecom							247.76		
4	**Without OR, supported only by bank deposit or bank transaction record. Bank deposit slips and bank transaction records do not comply with invoicing requirements.**				136.55				-	2,054.05
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Skycable	136.55								
5	**Supported by OR which do not bear BIR authority to print.**				-				2,545.46	2,545.46
	Government Performance							2,545.46		
6	**Supported by out of period OR.**				-				15,659.85	15,881.35
	Airfreight 2100, Inc.									
	Airfreight 2100, Inc.									
	Airfreight 2100, Inc.									

CBK POWER COMPANY LIMITED
EXCEPTIONS OF INPUT VAT ON
PURCHASES OF SERVICES
FOR THE YEAR 2004

		Jul	Aug	Sep	3rd Qtr	Oct	Nov	Dec	4th Qtr	Total
	Airfreight 2100, Inc.									
	Copy Quest Corp.					2,700.00				
	Copy Quest Corp.					45.46				
	Copy Quest Corp.					90.91				
	Dassad Warehousing					964.47				
	Webpower Internet					357.90				
	Webpower Internet					260.00				
	SFM Sales Corp.						40.00			
	Heart & Hastings Phils., Inc.							454.55		
	Heart & Hastings Phils., Inc.							454.55		
	High Grip Auto Center							7.27		
	High Grip Auto Center							22.73		
	High Grip Auto Center							45.46		
	High Grip Auto Center							5.00		
	Jefcor Laboratories Inc.							723.27		
	Punongbayan & Araullo							1,000.00		
	Punongbayan & Araullo							510.09		
	SFM Sales Corp.							56.36		
	SFM Sales Corp.							185.46		
	Twin V Tech Systems & Serv.							4,590.91		
	USA & Co.							2,000.00		
	USA & Co.							400.00		
	Welltech Service Corp.							745.46		
7	**Supported by non-VAT ORs.**				-				6,790.48	5,066,752.54
	Jardine Lloyd Thompson									
	Jardine Lloyd Thompson									
	Jardine Lloyd Thompson									
	Sycip, Salazar & Gatm									
	Sycip, Salazar & Gatm									
	Sycip, Salazar & Gatm									
	Jardine Lloyd Thompson									
	Nu Print Phils.									
	Sycip, Salazar & Gatm									
	Sycip, Salazar & Gatm									
	Glezel Catering Services							5,886.36		
	Philam Care Health Systems							904.12		
8	**Supported by provisional receipts.**				-				123,734.64	152,758.41

CBK POWER COMPANY LIMITED
EXCEPTIONS OF INPUT VAT ON
PURCHASES OF SERVICES
FOR THE YEAR 2004

		Jul	Aug	Sep	3rd Qtr	Oct	Nov	Dec	4th Qtr	Total
	Jardine Lloyd Thompson									
	Jardine Lloyd Thompson									
	Jardine Lloyd Thompson									
	Jardine Lloyd Thompson						123,734.64			
9	**Supported by OR not in the name of the Company.**				109.70				-	798.41
	PLDT									
	PLDT									
	PLDT									
	PLDT	109.70								
10	**Supported by OR where the Php amounts are exactly the same as the invoice amount in USD - Exclusive of input VAT per audit based on Php amount.**				-				-	794,883.30
	Business Profiles Inc.									
	Business Profiles Inc.									
	Business Profiles Inc.									
	Business Profiles Inc.									
	Business Profiles Inc.									
	Business Profiles Inc.									
	Business Profiles Inc.									
	Business Profiles Inc.									
	Business Profiles Inc.									
	Business Profiles Inc.									
11	**Discrepancies due to difference in foreign currency rate used by Company against per examination.**				5,548.10				1,177.34	12,166.69
	Asian Insights Inc.									
	EME Philippines									
	Kalayaan Power									
	Sycip, Salazar & Gatm									
	Sycip, Salazar & Gatm									
	Sycip, Salazar & Gatm									
	Sycip, Salazar & Gatm									
	Kalayaan Power									
	Business Profiles Inc.	341.90								
	Business Profiles Inc.	420.38								

CBK POWER COMPANY LIMITED
EXCEPTIONS OF INPUT VAT ON
PURCHASES OF SERVICES
FOR THE YEAR 2004

		Jul	Aug	Sep	3rd Qtr	Oct	Nov	Dec	4th Qtr	Total
	Business Profiles Inc.	44.71								
	Kalayaan Power	2,318.26								
	TUV Product Service	15.44								
	TUV Product Service	27.02								
	TUV Product Service	27.02								
	Business Profiles Inc.		441.15							
	Business Profiles Inc.		358.80							
	Business Profiles Inc.		23.46							
	Kalayaan Power		1,390.84							
	Business Profiles Inc.			62.40						
	Business Profiles Inc.			76.72						
	Business Profiles Inc.					101.40				
	Business Profiles Inc.					124.67				
	Kalayaan Power					67.76				
	EME Philippines						712.50			
	Business Profiles Inc.						94.31			
	Business Profiles Inc.						76.70			
12	**Supported by official receipts wit VAT amount incorrectly computed.**				19,024.01				1,818.17	42,955.69
	Smart Moves Consulting									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Globe Telecom									
	Punongbayan & Araullo									
	Certeza Surveying & Aerophoto									
	Smart Moves Consulting									
	Smart Moves Consulting									
	Smart Moves Consulting									
	Globe Telecom									
	Smart Moves Consulting									
	City Service Corp.									
	Smart Moves Consulting									
	Smart Moves Consulting	1,090.91								
	Jersse Equipt & Supplies Sales	53.14								
	Smart Moves Consulting		1,090.91							
	Solutions Consulting		39.25							

CBK POWER COMPANY LIMITED
EXCEPTIONS OF INPUT VAT ON
PURCHASES OF SERVICES
FOR THE YEAR 2004

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	Jul	Aug	Sep	3rd Qtr	Oct	Nov	Dec	4th Qtr	Total
Smart Moves Consulting			1,090.91						
Explorer Freight Corp.			14,825.81						
JNJKons Enterprise			833.08						
Smart Moves Consulting					454.54				
Smart Moves Consulting						454.54			
Smart Moves Consulting							909.09		
Totals	**11,943.30**	**11,383.49**	**156,197.34**	***179,524.13***	**12,335.98**	**312,491.88**	**25,886.22**	***350,714.08***	**6,871,229.60**

CBK POWER COMPANY LIMITED
INPUT VAT ON PURCHASES OF GOODS
OTHER THAN CAPITAL GOODS
FOR THE YEAR 2004

		Exhibit	Jan	Feb	Mar	1st Qtr	Apr	May	Jun	2nd Qtr	Jul	Aug
1	**Missing Sales Invoices.**	Annex F				980.25				1,757.46		
	Office Basics Corp.		66.81									
	Glucs Business Enterprises			327.27								
	Office Basics Corp.			520.30								
	Office Basics Corp.			65.87								
	Roadstar Enterprises						1,145.46					
	NCH Philippines						612.00					
	IMPSA Construction Corp.											
	IMPSA Construction Corp.											
	Office Basics Corp.											
	Office Basics Corp.											
	Office Basics Corp.											
	Mindtech Equipment											
	Office Basics Corp.											
	Office Basics Corp.											
	Office Basics Corp.											
2	**Supported by Sales Invoices which do not bear BIR authority to print.**	Annex F				-				-		
	Pilipinas Shell Petroleum											
	Access Frontier Tech											
3	**Supported by statement of accounts or other documents which do not comply with invoicing requirements.**	Annex F				14,123.84				18,335.36		
	R.O. Shell Gasoline Station		3,463.99									
	R.O. Shell Gasoline Station		3,814.45									
	R.O. Shell Gasoline Station				4,690.90							
	SFM Sales Corp.				138.64							
	SFM Sales Corp.				2,015.86							
	R.O. Shell Gasoline Station						7,007.80					
	SFM Sales Corp.						139.55					
	SFM Sales Corp.							590.91				
	R.O. Shell Gasoline Station								5,286.88			
	R.O. Shell Gasoline Station								4,627.40			
	SFM Sales Corp.								298.18			
	SFM Sales Corp.								384.64			
	Our Lady of Guadalupe Shell										4,490.09	
	R.O. Shell Gasoline Station										5,228.60	

CBK POWER COMPANY LIMITED
INPUT VAT ON PURCHASES OF GOODS
OTHER THAN CAPITAL GOODS
FOR THE YEAR 2004

		Exhibit	Jan	Feb	Mar	1st Qtr	Apr	May	Jun	2nd Qtr	Jul	Aug
	SFM Sales Corp.										171.82	
	SFM Sales Corp.										727.82	
	SFM Sales Corp.										116.82	
	Our Lady of Guadalupe Shell											3,834.55
	R.O. Shell Gasoline Station											4,872.41
	SFM Sales Corp.											462.27
	SFM Sales Corp.											114.09
	High Grip Auto Center											
	Our Lady of Guadalupe Shell											
	R.O. Shell Gasoline Station											
	Our Lady of Guadalupe Shell											
	R.O. Shell Gasoline Station											
	R.O. Shell Gasoline Station											
	SFM Sales Corp.											
	SFM Sales Corp.											
	SFM Sales Corp.											
	Our Lady of Guadalupe Shell											
	R.O. Shell Gasoline Station											
	SFM Sales Corp.											
	Our Lady of Guadalupe Shell											
	R.O. Shell Gasoline Station											
	SFM Sales Corp.											
	SFM Sales Corp.											
	Our Lady of Guadalupe Shell											
	R.O. Shell Gasoline Station											
4	**Unsubstantiated VAT on importation of goods (No import declarations or import entry documents evidencing payment of VAT).**	Annex F				-				-		
	Bureau of Customs											
	Bureau of Customs											
	Bureau of Customs											
	Bureau of Customs											
5	**Supported by out of period sales invoices.**	Annex F				45,685.17				22,330.91		
	Ascend Industrial Supplies Inc.		6,060.00									
	Gaisca Industrial Corp.		13,623.64									
	Junna Industrial Corp.		6,055.55									
	Office Basics Corp.		5,091.71									

CBK POWER COMPANY LIMITED
INPUT VAT ON PURCHASES OF GOODS
OTHER THAN CAPITAL GOODS
FOR THE YEAR 2004

		Exhibit	Jan	Feb	Mar	1st Qtr	Apr	May	Jun	2nd Qtr	Jul	Aug
	High Grip Auto Center			472.73								
	High Grip Auto Center			469.09								
	High Grip Auto Center			1,141.82								
	High Grip Auto Center			672.73								
	High Grip Auto Center			454.54								
	Icon Ind. Control Systems			11,643.36								
	Gaisca Industrial Corp.							22,330.91				
	Fast Track Sales											1,645.46
6	**Supported by sales invoices not in the name of the Company.**	Annex F				259.09				-		
	VMA Home Appliances Co.			259.09								
7	**Original sales invoice not available, supported only by photocopies of the original sales invoice.**	Annex F				-				-		
	Twin V Tech Systems											
8	**Discrepancies due to rounding off differences in foreign currency rate used by Company against per examination.**	Annex I				29.00				-		
	Integrated Computer System		29.00									
	Siemens Inc.										0.19	
	Anaki Systems Sales											
	Recar Industrial Sales											
	Anaki Systems Sales											
	Recar Industrial Sales											
9	**Supported by sales invoices with VAT amount incorrectly computed.**	Annex I				-				-		
	Multiple J Enterprises											
	Totals		**38,205.15**	**16,026.80**	**6,845.40**	***61,077.35***	**8,904.81**	**22,921.82**	**10,597.10**	***42,423.73***	**10,735.34**	**10,928.78**

CBK POWER COMPANY LIMITED
INPUT VAT ON PURCHASES OF GOODS
OTHER THAN CAPITAL GOODS
FOR THE YEAR 2004

		Sep	3rd Qtr	Oct	Nov	Dec	4th Qtr	Total
1	**Missing Sales Invoices.**		-				141,233.61	143,971.32
	Office Basics Corp.							
	Glucs Business Enterprises							
	Office Basics Corp.							
	Office Basics Corp.							
	Roadstar Enterprises							
	NCH Philippines							
	IMPSA Construction Corp.					128,004.55		
	IMPSA Construction Corp.					7,680.27		
	Office Basics Corp.					962.80		
	Office Basics Corp.					163.31		
	Office Basics Corp.					462.37		
	Mindtech Equipment					2,376.55		
	Office Basics Corp.					958.08		
	Office Basics Corp.					163.31		
	Office Basics Corp.					462.37		
2	**Supported by Sales Invoices which do not bear BIR authority to print.**		-				8,648.21	8,648.21
	Pilipinas Shell Petroleum			7,136.38				
	Access Frontier Tech				1,511.83			
3	**Supported by statement of accounts or other documents which do not comply with invoicing requirements.**		37,039.21				35,496.28	104,994.69
	R.O. Shell Gasoline Station							
	R.O. Shell Gasoline Station							
	R.O. Shell Gasoline Station							
	SFM Sales Corp.							
	SFM Sales Corp.							
	R.O. Shell Gasoline Station							
	SFM Sales Corp.							
	SFM Sales Corp.							
	R.O. Shell Gasoline Station							
	R.O. Shell Gasoline Station							
	SFM Sales Corp.							
	SFM Sales Corp.							
	Our Lady of Guadalupe Shell							
	R.O. Shell Gasoline Station							

CBK POWER COMPANY LIMITED
INPUT VAT ON PURCHASES OF GOODS
OTHER THAN CAPITAL GOODS
FOR THE YEAR 2004

		Sep	3rd Qtr	Oct	Nov	Dec	4th Qtr	Total
	SFM Sales Corp.							
	SFM Sales Corp.							
	SFM Sales Corp.							
	Our Lady of Guadalupe Shell							
	R.O. Shell Gasoline Station							
	SFM Sales Corp.							
	SFM Sales Corp.							
	High Grip Auto Center	14.55						
	Our Lady of Guadalupe Shell	1,912.29						
	R.O. Shell Gasoline Station	15,093.90						
	Our Lady of Guadalupe Shell			1,929.22				
	R.O. Shell Gasoline Station			5,325.82				
	R.O. Shell Gasoline Station			5,440.21				
	SFM Sales Corp.			864.73				
	SFM Sales Corp.			131.36				
	SFM Sales Corp.			129.18				
	Our Lady of Guadalupe Shell				2,335.49			
	R.O. Shell Gasoline Station				4,927.58			
	SFM Sales Corp.				580.46			
	Our Lady of Guadalupe Shell					1,225.82		
	R.O. Shell Gasoline Station					4,611.72		
	SFM Sales Corp.					130.46		
	SFM Sales Corp.					211.36		
	Our Lady of Guadalupe Shell					1,523.06		
	R.O. Shell Gasoline Station					6,129.81		
4	**Unsubstantiated VAT on importation of goods (No import declarations or import entry documents evidencing payment of VAT).**		-				327,297.00	327,297.00
	Bureau of Customs			56,923.00				
	Bureau of Customs			110,981.00				
	Bureau of Customs				92,447.00			
	Bureau of Customs					66,946.00		
5	**Supported by out of period sales invoices.**		1,645.46				-	69,661.54
	Ascend Industrial Supplies Inc.							
	Gaisca Industrial Corp.							
	Junna Industrial Corp.							
	Office Basics Corp.							

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CBK POWER COMPANY LIMITED
INPUT VAT ON PURCHASES OF GOODS
OTHER THAN CAPITAL GOODS
FOR THE YEAR 2004

		Sep	3rd Qtr	Oct	Nov	Dec	4th Qtr	Total
	High Grip Auto Center							
	High Grip Auto Center							
	High Grip Auto Center							
	High Grip Auto Center							
	High Grip Auto Center							
	Icon Ind. Control Systems							
	Gaisca Industrial Corp.							
	Fast Track Sales							
6	**Supported by sales invoices not in the name of the Company.**		-				-	259.09
	VMA Home Appliances Co.							
7	**Original sales invoice not available, supported only by photocopies of the original sales invoice.**		-				11,492.44	11,492.44
	Twin V Tech Systems					11,492.44		
8	**Discrepancies due to rounding off differences in foreign currency rate used by Company against per examination.**		0.25				0.56	29.81
	Integrated Computer System							
	Siemens Inc.							
	Anaki Systems Sales	0.06						
	Recar Industrial Sales			0.11				
	Anaki Systems Sales					0.25		
	Recar Industrial Sales					0.20		
9	**Supported by sales invoices with VAT amount incorrectly computed.**		-				818.20	818.20
	Multiple J Enterprises					818.20		
	Totals	**17,020.80**	***38,684.92***	**188,861.01**	**101,802.36**	**234,322.93**	***524,986.30***	**667,172.30**

CBK POWER COMPANY LIMITED
SCHEDULE OF EFFECTIVELY ZERO-RATED SALES
FOR THE 2nd, 3rd and 4th QUARTER OF YEAR 2004

OR Date	OR No.	Exhibit No.	Amount
04/26/04	193	SSSS-75	111,872,376.00
04/26/04	194	SSSS-77	111,872,376.00
04/26/04	195	SSSS-79	116,067,590.10
04/26/04	196	SSSS-81	7,524,749.10
04/26/04	197	SSSS-83	7,524,749.10
04/26/04	198	SSSS-85/410	5,881,956.53
04/26/04	199	SSSS-86	5,847,995.27
04/26/04	200	SSSS-88	104,547.40
04/27/04	185	SSSS-59	9,619.53
04/27/04	186	SSSS-61	692,360.75
04/27/04	187	SSSS-63	538,080.72
04/27/04	188	SSSS-65	692,360.75
04/27/04	189	SSSS-67	541,205.53
04/27/04	190	SSSS-69	10,293,505.01
04/27/04	191	SSSS-71	10,679,511.45
04/27/04	192	SSSS-73	10,293,505.01
05/27/04	203	SSSS-90	702,522.87
05/27/04	204	SSSS-92	10,448,587.79
05/27/04	205	SSSS-94	10,444,587.79
05/27/04	206	SSSS-96	10,836,259.84
05/27/04	207	SSSS-98	702,522.87
05/27/04	208	SSSS-100	549,149.07
05/27/04	209	SSSS-102	545,978.39
05/27/04	210	SSSS-104	9,760.72
06/03/04	211	SSSS-106	111,274,128.00
06/03/04	212	SSSS-108	111,274,128.00
06/03/04	213	SSSS-110	115,446,907.80
06/03/04	214	SSSS-112	7,484,509.80
06/03/04	215	SSSS-114	7,484,509.80
06/03/04	216	SSSS-116	5,850,502.22
06/03/04	217	SSSS-118	5,816,722.57
06/03/04	218	SSSS-120	103,988.32
06/25/04	229	SSSS-139	111,832,492.80
06/25/04	230	SSSS-141	111,832,492.80
06/25/04	231	SSSS-143	116,026,211.28
06/25/04	232	SSSS-145	7,522,066.48
06/25/04	233	SSSS-147	7,522,066.48
06/25/04	234	SSSS-149	6,656,696.00
06/25/04	235	SSSS-151	6,656,696.00
06/25/04	236	SSSS-153	99,530.78
06/25/04	237	SSSS-412	3,165,285.87
06/28/04	219	SSSS-122	10,783,558.17
06/28/04	220	SSSS-124	10,393,791.01
06/28/04	221	SSSS-126	10,393,791.01
06/28/04	222	SSSS-128	293,483.51
06/28/04	223	SSSS-129	699,106.18
06/28/04	224	SSSS-131	618,678.04
06/28/04	225	SSSS-133	699,106.18
06/28/04	226	SSSS-135	618,678.04
06/28/04	227	SSSS-137	9,250.47
06/28/04	228	SSSS-411	359,224.85

CBK POWER COMPANY LIMITED
SCHEDULE OF EFFECTIVELY ZERO-RATED SALES
FOR THE 2nd, 3rd and 4th QUARTER OF YEAR 2004

OR Date	OR No.	Exhibit No.	Amount
07/29/04	246	SSSS-413	17,042.40
08/02/04	238	SSSS-155	671,412.69
08/02/04	239	SSSS-157	671,412.69
08/02/04	240	SSSS-159	594,170.52
08/02/04	241	SSSS-161	8,884.04
08/02/04	242	SSSS-163	594,170.52
08/02/04	243	SSSS-165	10,356,392.22
08/02/04	244	SSSS-167	9,982,064.79
08/02/04	245	SSSS-169	9,982,064.79
08/10/04	1267	SSSS-200	111,333,952.80
08/10/04	1268	SSSS-202	111,333,952.80
08/10/04	1269	SSSS-204	115,508,976.03
08/10/04	1270	SSSS-206	7,488,533.73
08/10/04	1271	SSSS-208	7,488,533.73
08/10/04	1272	SSSS-210	6,627,021.00
08/10/04	1273	SSSS-212	6,627,021.00
08/10/04	1274	SSSS-214	530,161.68
08/27/04	1251	SSSS-414	327,081.70
08/27/04	1252	SSSS-171	9,449,092.86
08/27/04	1253	SSSS-173	9,803,433.84
08/27/04	1254	SSSS-175	9,803,433.84
08/27/04	1255	SSSS-177	9,449,092.86
08/27/04	1256	SSSS-179	635,563.98
08/27/04	1257	SSSS-181	635,563.98
08/27/04	1258	SSSS-183	403,476.89
08/27/04	1259	SSSS-185	6,049.93
08/27/04	1260	SSSS-187	396,693.17
08/30/04	1275	SSSS-216	7,552,916.61
08/30/04	1276	SSSS-218	7,552,916.61
08/30/04	1277	SSSS-220	6,683,997.00
08/30/04	1278	SSSS-222	6,683,997.00
08/30/04	1279	SSSS-224	534,719.76
08/30/04	1280	SSSS-226	112,291,149.60
08/31/04	1281	SSSS-228	112,191,441.60
08/31/04	1282	SSSS-230	116,398,620.66
08/31/04	1283	SSSS-232	116,398,620.66
09/02/04	1261	SSSS-189	10,783,558.17
09/02/04	1262	SSSS-191	10,356,392.22
09/02/04	1263	SSSS-193	10,836,259.84
09/02/04	1264	SSSS-195	10,673,511.45
09/02/04	1265	SSSS-197	1,052,082.28
09/02/04	1266	SSSS-199	10,589,009.17
09/16/04	1284	SSSS-234/419	116,336,552.43
09/16/04	1285	SSSS-236	116,336,552.43
09/16/04	1286	SSSS-238	116,336,552.43
09/16/04	1287	SSSS-240	116,336,552.43
09/20/04	1288	SSSS-242	116,564,135.94
09/20/04	1289	SSSS-244	116,564,135.94
09/27/04	1290	SSSS-246	562,855.95
09/27/04	1291	SSSS-248	636,027.22
09/27/04	1292	SSSS-250	636,027.22

CBK POWER COMPANY LIMITED
SCHEDULE OF EFFECTIVELY ZERO-RATED SALES
FOR THE 2nd, 3rd and 4th QUARTER OF YEAR 2004

OR Date	OR No.	Exhibit No.	Amount
09/27/04	1293	SSSS-252	9,592.94
09/27/04	1294	SSSS-254	562,855.95
09/27/04	1295	SSSS-256	9,810,579.19
09/27/04	1296	SSSS-258	9,455,979.95
09/27/04	1297	SSSS-260	9,455,979.95
09/27/04	1298	SSSS-262	9,810,579.19
10/08/04	1305	SSSS-264	112,650,098.40
10/08/04	1306	SSSS-265	112,650,098.40
10/08/04	1307	SSSS-267	116,874,477.09
10/08/04	1308	SSSS-269	116,874,477.09
10/08/04	1309	SSSS-271	7,577,060.19
10/08/04	1310	SSSS-273	7,577,060.19
10/08/04	1311	SSSS-275	6,705,363.00
10/08/04	1312	SSSS-277	6,705,363.00
10/08/04	1313	SSSS-279	536,429.04
10/29/04	1314	SSSS-281	643,447.74
10/29/04	1315	SSSS-283	8,514.01
10/29/04	1316	SSSS-285	569,422.78
10/29/04	1317	SSSS-287	569,422.78
10/29/04	1318	SSSS-289	643,447.74
10/29/04	1319	SSSS-291	9,566,302.69
10/29/04	1320	SSSS-293	9,566,302.69
10/29/04	1321	SSSS-295	9,925,039.04
10/29/04	1322	SSSS-297	9,925,039.40
11/02/04	1327	SSSS-299	112,331,032.80
11/02/04	1328	SSSS-301	112,331,032.80
11/02/04	1329	SSSS-303	116,543,446.53
11/02/04	1330	SSSS-305	116,543,446.53
11/02/04	1331	SSSS-307	7,555,599.23
11/02/04	1332	SSSS-309	21,028,315.71
11/05/04	1323	SSSS-415	68,304.50
11/05/04	1324	SSSS-416	6,967.49
11/12/04	1325	SSSS-417	14,589.31
11/25/04	1326	SSSS-418	11,000.00
11/26/04	1333	SSSS-314	8,520.70
11/26/04	1334	SSSS-316	643,953.32
11/26/04	1335	SSSS-318	569,870.19
11/26/04	1336	SSSS-320	569,870.19
11/26/04	1337	SSSS-322	643,953.32
11/26/04	1338	SSSS-324	9,932,837.42
11/26/04	1339	SSSS-326	9,932,837.42
11/26/04	1340	SSSS-328	9,573,819.20
11/26/04	1341	SSSS-330	9,573,819.20
11/30/04	1342	SSSS-332	7,538,162.20
11/30/04	1343	SSSS-334	7,538,162.20
11/30/04	1344	SSSS-336	6,670,940.00
11/30/04	1345	SSSS-338	6,670,940.00
11/30/04	1346	SSSS-340	99,743.76
12/01/04	1347	SSSS-342	112,131,616.80
12/01/04	1348	SSSS-344	112,131,616.80
12/01/04	1349	SSSS-346	116,336,552.43

CBK POWER COMPANY LIMITED
SCHEDULE OF EFFECTIVELY ZERO-RATED SALES
FOR THE 2nd, 3rd and 4th QUARTER OF YEAR 2004

OR Date	OR No.	Exhibit No.	Amount
12/01/04	1350	SSSS-348	116,336,552.43
12/28/04	1351	SSSS-350/455	8,511.84
12/28/04	1352	SSSS-352/454	569,277.77
12/28/04	1353	SSSS-354/453	569,277.77
12/28/04	1354	SSSS-356/452	643,283.88
12/28/04	1355	SSSS-358/451	643,283.88
12/28/04	1356	SSSS-360/448	9,563,866.46
12/28/04	1357	SSSS-362/449	9,922,511.46
12/28/04	1358	SSSS-364/450	9,922,511.46
12/28/04	1359	SSSS-366/447	9,563,866.46
12/29/04	1360	SSSS-368	7,559,623.16
12/29/04	1361	SSSS-370	7,559,623.16
12/29/04	1362	SSSS-372	6,689,932.00
12/29/04	1363	SSSS-374	6,689,932.00
12/29/04	1364	SSSS-376	100,027.73
Total			**4,539,223,259.11**