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REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

TAGANITO MINING CORPORATION,
Petitioner,

- versus -

C.T.A. CASE NO. 5700

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

Promulgated:
SEP 22 2000

x - x

DECISION

This is a judicial claim for refund of the amount of P11,857,864.95 filed on December 29, 1998, representing alleged unutilized input value-added tax paid by the Petitioner on its domestic purchases of taxable goods and services and on importation of capital goods.

The facts of the case are as follows:

Petitioner is a domestic corporation organized and existing under and by virtue of the laws of the Philippines. It is primarily engaged in the business of exploring, producing and exporting beneficiated nickel silicate ores and chromite ores. It is allegedly a VAT registered entity and was allegedly granted by Respondent, Certificate of Registration No. 94-470-000373.

Records show that Petitioner filed its quarterly VAT returns for the four calendar quarters of 1997 on various dates from April 16, 1997 to January 16, 1998, declaring zero-rated export sales and input VAT payments on domestic purchases of goods and services in the aggregate sum of P217,592,976.04 and P3,941,904.06, respectively, broken down as follows:

				INPUT VAT			
					This Quarter		
Exh	Date filed w/ the BIR	1997	Zero-rated Sales	Carried over from previous quarter	Domestic Purchases of Goods/Serv.	Importation of Goods	Carried over to subsequent quarter
I	16-Apr-97	1st qtr.	P 50,480,099.16	P -	P 973,339.19	P -	P 973,339.19
L	21-Jul-97	2nd qtr.	14,830,467.95	973,339.19	711,725.07	-	1,685,064.26
O	20-Oct-97	3rd qtr.	131,491,568.20	1,685,064.26	1,217,775.61	-	2,902,839.87
R	16-Jan-98	4th qtr.	20,790,840.73	2,902,839.87	1,039,064.19	-	3,941,904.06
			P217,592,976.04		P 3,941,904.06	P -	

On December 24, 1998, Petitioner filed with the Bureau of Internal Revenue its amended 1997 quarterly VAT returns, reflecting a total amount of zero-rated export sales of P217,594,976.04, input VAT of P4,035,548.65 paid on its domestic purchases of goods and services and input VAT of P7,822,316.30 paid on its importation of capital goods, broken down as follows:

				INPUT VAT			
					This Quarter		
Exh.	Date filed w/ the BIR	1997	Zero-rated Sales	Carried over from previous Quarter	Domestic Purchases of Goods/Serv.	Importation of Goods	Carried over to subsequent Quarter
U	24-Dec-98	1st qtr.	P 50,480,099.16	P -	P 974,511.92	P 3,077,502.00	P 4,052,013.92
X	24-Dec-98	2nd qtr.	14,830,467.95	4,052,013.92	775,440.56	4,725,921.00	9,553,375.48
AA	24-Dec-98	3rd qtr.	131,739,757.45	9,553,375.48	1,223,811.40	18,893.30	10,796,080.18
DD	24-Dec-98	4th qtr.	20,544,651.48	10,796,080.18	1,061,784.77	-	11,857,864.95
			P217,594,976.04		P4,035,548.65	P 7,822,316.30	

Petitioner claims that all of its zero-rated export sales were allegedly paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP for brevity), pursuant to Sec. 100(a)(2)(A)(i) of the Tax Code, as amended by R.A. No. 7716, now Sec. 106 (A)(2)(a)(1) of the Tax Code, as amended by R.A. No. 8424.

Believing that it is entitled to a refund of P11,857,864.95 allegedly representing the sum of the input VAT of P4,035,548.65 and P7,822,316.36, paid on its domestic purchases of taxable goods/services and on its importation of capital goods, respectively, which are allegedly attributable to its zero-rated sales for the period January 1, 1997 to December 31, 1997, Petitioner filed with the Bureau of Internal Revenue an administrative claim for refund on December 28, 1998 (Exhibit "VV").

Petitioner filed the instant Petition for Review with this Court on December 29, 1998.

In his Answer filed on February 16, 1999, Respondent prayed for the dismissal of the instant petition and advanced the following Special and Affirmative Defenses, to wit:

> "5. Petitioner failed to show compliance with the substantiation requirements under the provision of Section 16(c)(3) of Revenue Regulations No. 5-87, as amended by Revenue Regulations No. 3-88;
>
> 6. Petitioner has not shown proof that the alleged VAT input taxes attributable to its export sales have not yet been applied to the output tax for the period covered in its claim or any succeeding period and that the alleged total foreign exchange proceeds have accounted (sic) for by the Central Bank;
>
> 7. The petition states no cause of action as it does not allege the date/s when the tax/es sought to be refunded was/were actually paid;
>
> 8. In an action for tax refund/credit, the burden of proof is on the taxpayer to establish its right to the refund and failure to sustain the burden is fatal to the action for tax refund.
>
> 9. Taxes paid and collected are presumed to have been made in accordance with law and regulations, hence, not refundable;

10. Well-settled is the rule that claims for refund are construed against the claimants since it partakes of the nature of an exemption from taxation."

On July 31, 2000, this case was considered submitted for decision sans the memorandum of the Respondent.

The issues in this case are two-fold; first, whether or not Petitioner's export sales qualify as zero-rated activity/revenue; and whether or not Petitioner is entitled to a refund of VAT input taxes paid from January 1, 1997 to December 31, 1997 amounting to P11,857,864.95.

After a careful review of pertinent laws and documentary exhibits in this case, We find and so hold that Petitioner is entitled to the refund sought for.

Anent the first issue, Petitioner complied with all the requirements for the zero-rating of its sales as set forth under Section 100(a)(2)(A)(i) of the Tax Code, as amended by R.A. No. 7716 (now Section 106(A)(2)(a)(1) of the Tax Code, as amended by R.A. No. 8424), thus:

Section 100(a)

"(2) The following sales by VAT-registered persons shall be subject to zero percent (0%) rate:

"(A) Export Sales. – The term 'export sales' means:

"(i) 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);"

In the course of the proceeding, Petitioner was able to prove that it is a VAT registered entity when it presented in evidence its Certificate of Registration (Exh. F to F-3 inclusive). Petitioner likewise convinced this Court that it actively made direct export sales which garnered the amount of US $7,254,906.29 with peso equivalent of P217,594,976.04 for the period January 1, 1997 to December 31, 1999, as shown by its Summary List of Export Sales (Exhs. A-7 to A-10, inclusive), provisional and final export invoices (Exhs. D, D-1, D-9, D-10, D-15, to D-18, D-23, D-24, D-29, D-30, D-36, D-37, D-42 to D-45, inclusive), export declarations/permits (Exhs. D-3, D-13, D-21, D-27, D-34, D-40 and D-49) and bills of lading (Exhs. D-4, D-14, D-22, D-28, D-35, D-41 and D-50) for the same period.

More importantly, Petitioner, through presentation of bank credit/debit devices, was able to prove that its export sales were paid for in acceptable foreign currency inwardly remitted and accounted for in accordance with BSP regulations (Exhs. D-2, D-5 to D-8, D-11, D-12, D-19, D-20, d-25, D-26, D-31 to D-33, D-38, D-39, D-46 to D-48, inclusive). Furthermore, Petitioner's export sales amounting to P217,594,976.04 were properly reported in its amended quarterly VAT returns and were properly recorded in its books of accounts as certified by Punongbayan and Araullo in its report. (Exh. A). Since Petitioner's sales qualify as zero-rated under Section 100 (a)(2)(A)(i) of the Tax Code, consequently it is not liable to pay output tax thereon and can claim tax credit or refund of input Value-Added Tax paid on its purchases of goods, properties or services related to such zero-rated sales as provided under Section 4.102-2 of Revenue Regulations No. 7-95 and Section 106(a) of the Tax Code, as amended by R.A. 7716 which provides, thus:

> **SEC. 4.102-2. Zero-Rating.** – (a) In general. – A zero-rated sale by a VAT registered person, which is a taxable transaction for VAT purposes, shall not result in any output tax. However, the input tax on his purchases of goods, properties or services related to such zero-rated sale shall be available as tax credit or refund in accordance with these regulations.

Coming now to its refund of unutilized input VAT payments on domestic purchase of taxable goods and services and on importation of goods, it is incumbent upon the Petitioner to prove the following:

1.) the claimed input taxes are duly supported by Petitioner's suppliers invoices and/or official receipts (with respect to its domestic purchases of taxable goods and services) and Bureau of Customs official receipts/import entry declarations (regarding its importation of capital goods) as provided under Section 4.104-5 of Revenue Regulations No. 7-95 in relation with Sections 108 and 238 of the Tax Code;

2.) the claimed input taxes on domestic purchase of taxable goods and services are directly attributable to its zero-rated sales;

3.) it did not offset or apply the claimed input taxes against any output tax; and it did not carry-over to the succeeding months/quarters the claimed input taxes

As We can recall, the commissioned Certified Public Accountant, Punongbayan and Araullo, recommended that the amount of P11,785,865.10, as indicated in Petitioner's Summary of Monthly Purchases and input VAT paid for the period January 1, 1997 to December 31, 1997, represents Petitioner's valid claim for refund of input taxes paid on domestic purchases of taxable goods and services and on importation of capital goods for the period subject of the claim except for the amount of P401,166.20. However, upon a thorough examination of Petitioner's documentary exhibits, more particularly its suppliers invoices and official receipts (Exh. B to B-848, C to C-1470), Bureau of Customs official receipts, import entry and revenue declarations (Exh. B-849 to 858, inclusive), this Court found out that, aside from the amount of P401,166.20 initially recommended by the independent Certified Public Accountant for disallowance, an additional P614,016.54 detailed in Annex A, shall likewise be disallowed for failure to comply with the substantiation requirements provided under Section 4.104-5 of Revenue Regulations No. 7-95 in relation to Sections 108 and 238 of the Tax Code and Revenue Memorandum Circular No. 63-91 which provides, thus:

> **SEC. 4.104-5. Substantiation of claims for input tax credit**. - (a) Input taxes shall be allowed only if the domestic purchase of goods, properties or services is made in the course of trade or business. The input tax should be supported by an invoice or receipt showing the information as required under Section 108(a) and 238 of the Code. Input tax on purchases of real property should be supported by a copy of the public instrument i.e. deed of absolute sale, deed of conditional sale, contract/agreement to sell, etc., together with the VAT receipt issued by the seller.
>
> A cash-register machine tape issued to a VAT registered buyer by a VAT-registered seller from a machine duly registered with the BIR in lieu of the regular sales invoice, shall constitute valid proof of substantiation of tax credit only if the name and TIN of the purchaser is indicated in the receipt and authenticated by a duly authorized representative of the seller.
>
> (b) Input tax on importation shall be supported with the import entry or other equivalent document showing actual payment of VAT on the imported goods.
> (c) Presumptive input tax shall be supported by an inventory of goods as shown in a detailed list to be submitted to the BIR.
> (d) Input tax on "deemed sale" transactions shall be substantiated with the required invoices.
> (e) Input tax from payments made to non-residents shall be supported by a copy of the VAT declaration/return filed by the resident licensee/lessee in behalf of the non-resident licensor/lessor evidencing remittance of the VAT due.

Other than this noted failure of the Petitioner to substantiate, thus causing disallowances on its claimed input VAT, this Court is nonetheless, convinced that Petitioner's claimed input taxes on domestic purchases of taxable goods and services were all directly attributable to its zero-rated sales and that these purchases were used directly in its business of exploring, producing and exporting beneficiated nickel silicate ores and chromite ores. Likewise, We found that the claimed input taxes of P11,857,864.95 were never applied by the Petitioner against any of its liabilities as shown in its amended 1997 quarterly VAT returns (Exhs. U, X, AA and DD) nor was it carried over to the succeeding quarters of 1998 as evidenced by Petitioner's 1998 monthly/quarterly returns (Exh. EE to PP, inclusive).

After taking into consideration the above circumstances, this Court finds it ineluctable to grant the claim for refund but in a reduced amount computed as follows:

Amount of Claim		P11,857,864.95
Less: Disallowances		
Per Punongbayan & Araullo's Report(Exh. A-6)	P401,166.20	
Per this Court's Further Verification (Annex A)	614,016.54	1,015,182.74
Amount Refundable		P10,842,682.21

WHEREFORE, in view of all the foregoing, Respondent is hereby **ORDERED** to **REFUND** the amount of **TEN MILLION EIGHT HUNDRED FORTY TWO THOUSAND SIX HUNDRED EIGHTY TWO AND 21/100 PESOS (P10,842,682.21)**, in favor of the Petitioner representing its unutilized input VAT payments on its domestic purchase of taxable goods and services and on importation of goods for the period January 1, 1997 to December 31, 1997.

SO ORDERED.

ERNESTO D. ACOSTA
Presiding Judge

WE CONCUR:

RAMON O. DE VEYRA
Associate Judge

AMANCIO Q. SAGA
Associate Judge

CERTIFICATION

I hereby certify that this decision was reached after due consultation among the members of the Court of Tax Appeals in accordance with Section 13, Article VIII of the Constitution.

ERNESTO D. ACOSTA
Presiding Judge

Taganito Mining Corp.
vs. Commissioner of Internal Revenue
CTA Case No. 5700
Schedule of Additional Disallowances on
Petitioner's Claimed Unutilized Input Vat
Per this Court's Findings

	Supplier	Per Summary Exh.	Per Summary Page	Invoice Exh.	Invoice No.	O. R. Exh.	O. R. No.	Inv. Amount	Input Tax Claimed	Amount Disallowed
1.)	Invoices not within the period of claim									
	Monark Equipment Corp.	A	1	B-1	200372	B-40	118220	P 100,816.10	P 9,165.10	P 9,165.10
	Monark Equipment Corp.	A	1	B-5	200729	B-40	118220	11,346.50	1,031.50	1,031.50
	Monark Equipment Corp.	A	1	B-23	199865	B-40	118220	24,204.40	2,200.40	2,200.40
	Monark Equipment Corp.	A	2	B-38	202331	B-40	118220	6,457.00	587.00	587.00
	Monark Equipment Corp.	A	7	B-228	202335	B-234	121664	2,291.30	208.30	208.30
2.)	With erasure on date of invoice									
	Surigao BB Press	B	30	C-9	1068	C-13	833	2,100.00	190.91	190.91
3.)	Without invoices &/or official receipts									
	Johnco Commercial	A	7		75879	B-220	11105	12,900.00	1,172.73	1,172.73
	Johnco Commercial	A	8		76331		11279	25,180.00	2,289.09	2,289.09
	Johnco Commercial	A	8		76332		11279	83,240.00	7,567.27	7,567.27
	Johnco Commercial	A	8		76333		11279	42,590.00	3,871.82	3,871.82
	Johnco Commercial	A	8		76344		11279	38,770.00	3,524.55	3,524.55
	Johnco Commercial	A	8		76345		11279	35,690.00	3,244.55	3,244.55
	Johnco Commercial	A	8		76418		11179	4,080.00	370.91	370.91
	Johnco Commercial	A	8		77571		11286	1,350.00	122.73	122.73
	Johnco Commercial	A	11		77519		11133	8,500.00	772.73	772.73
	Johnco Commercial	A	13		78225		11510	11,350.00	1,031.82	1,031.82
	Liberty Stationery	A	13		15816		15816	1,080.00	98.18	98.18
	Karilagan Tire Supply	A	14		3730		2144	8,400.00	763.64	763.64
	Kia Service Phils., Corp.	A	14		22174		22535	739.20	67.20	67.20
	Maxima Equipment	A	14		38598		22511	412,651.00	37,513.73	37,513.73
	Johnco Commercial	A	15		78199	B-420	11355	11,750.00	1,068.18	1,068.18
	Jermore Enterprises	A	17		327		188	640.00	58.18	58.18
	Kia Service Phils., Corp.	A	17		22370		22536	16,363.62	1,487.60	1,487.60
	Kia Service Phils., Corp.	A	17		22493		22536	3,728.12	338.92	338.92
	Rio Tuba Nickel Mining Corp.	A	17		102		26269	110,000.00	10,000.00	10,000.00
	Agri-Cultivators Trading, Inc.	A	19		9966	B-564	9940	2,971.80	270.16	270.16
	Civic Merchandising, Inc.	A	19		6338		3143	33,912.00	3,082.91	3,082.91
	The Eager Press	A	21		4784		2577	760.00	69.09	69.09
	Boston Industrial Supply Corp.	A	25		46679		29861	1,764.00	160.36	160.36
	Pacific Parts Corp.	A	25		79660		22937	21,600.00	1,963.64	1,963.64
	Pacific Parts Corp.	A	25		79662		22937	1,010.00	91.82	91.82
	Pacific Parts Corp.	A	29		79993	B-842	23036	3,689.00	335.36	335.36
	Pilipinas Shell	A	29		90252928		41424	2,283.38	207.58	207.58
	Surigao M. S. Enterprises	B	36		7314		2575	1,852.00	168.36	168.36
	NVPAS Recapping Co., Inc.	B	49		51983	C-692	44518	1,378.80	125.35	125.35
	NVPAS Recapping Co., Inc.	B	57		53319	C-968	46200	660.60	60.05	60.05
	NVPAS Recapping Co., Inc.	B	57		54018	C-968	46200	2,642.40	240.22	240.22
4.)	Without invoice &/or official receipt and supported only by a statement of account and a provisional receipt									
	Solid Mills, Inc.	A	5	B-138	957	B-139	19078	77,606.10	7,055.10	7,055.10
5.)	Invoices printed 1996 without pre-printed TIN "VAT" but merely stamped TIN "V"									
	European Technics Phils., Inc.	A	13	B-396	289	B-399	314	840.00	76.36	76.36
	European Technics Phils., Inc.	A	13	B-397	284	B-399	314	1,160.00	105.45	105.45
	European Technics Phils., Inc.	A	13	B-398	283	B-399	314	2,859.00	259.91	259.91
	European Technics Phils., Inc.	A	13	B-400	295	B-401	276	8,294.00	754.00	754.00

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Supplier	Per Summary Exh.	Per Summary Page	Invoice Exh.	Invoice No.	O. R. Exh.	O. R. No.	Inv. Amount	Input Tax Claimed	Amount Disallowed
6.) Invoices are duplicate copies only and official receipt attached pertains to other invoices									
Maxima Equipment Co., Inc.	B	50	C-722	5445			33,816.60	3,074.24	3,074.24
Maxima Equipment Co., Inc.	B	50	C-723	5423			19,181.70	1,743.79	1,743.79
Maxima Equipment Co., Inc.	B	50	C-724	5424			44,288.28	4,026.21	4,026.21
Maxima Equipment Co., Inc.	B	50	C-725	5425			10,419.30	947.21	947.21
Maxima Equipment Co., Inc.	B	50	C-726	5432			8,085.42	735.04	735.04
Maxima Equipment Co., Inc.	B	50	C-727	5472			59,279.50	5,389.05	5,389.05
Maxima Equipment Co., Inc.	B	50	C-728	5480			3,392.94	308.45	308.45
7.) Invoices are duplicate copies only; Official receipt is xerox copy only as found by the Revenue Officer (BIR records, page 222)									
Maxima Equipment Co., Inc.	B	56	C-921	5446	C-926	3431	63,896.40	5,808.76	5,808.76
Maxima Equipment Co., Inc.	B	56	C-921	5557	C-926	3431	11,034.90	1,003.17	1,003.17
Maxima Equipment Co., Inc.	B	56	C-922	5571	C-926	3431	490.50	44.59	44.59
Maxima Equipment Co., Inc.	B	56	C-923	5573	C-926	3431	14,400.00	1,309.09	1,309.09
Maxima Equipment Co., Inc.	B	56	C-924	5574	C-926	3431	10,652.40	968.40	968.40
Maxima Equipment Co., Inc.	B	56	C-925	5576	C-926	3431	1,229.40	111.76	111.76
8.) No TIN "V"/ "VAT" printed on official receipts; Invoices are duplicate copies only as found by the Revenue Officer (BIR Records, pages 226, 225, 223, 221)									
Cebu Brake Center & Enter. Corp.	B	34	C-169	32757	C-179	6855	2,975.00	270.45	270.45
Cebu Brake Center & Enter. Corp.	B	34	C-170	32776	C-179	6855	60.00	5.45	5.45
Cebu Brake Center & Enter. Corp.	B	34	C-171	32796	C-179	6855	3,100.00	281.82	281.82
Cebu Brake Center & Enter. Corp.	B	34	C-172	32804	C-179	6855	1,915.80	174.16	174.16
Cebu Brake Center & Enter. Corp.	B	35	C-173	32836	C-179	6855	9,332.00	848.36	848.36
Cebu Brake Center & Enter. Corp.	B	35	C-174	32844	C-179	6855	500.00	45.45	45.45
Cebu Brake Center & Enter. Corp.	B	35	C-175	32839	C-179	6855	480.00	43.64	43.64
Cebu Brake Center & Enter. Corp.	B	35	C-176	32841	C-179	6855	620.00	56.36	56.36
Cebu Brake Center & Enter. Corp.	B	35	C-177	32899	C-179	6855	1,546.00	140.55	140.55
Cebu Brake Center & Enter. Corp.	B	35	C-178	32917	C-179	6855	1,420.00	129.09	129.09
Cebu Brake Center & Enter. Corp.	B	38	C-307	38042	C-308	6876	6,075.00	552.27	552.27
Cebu Brake Center & Enter. Corp.	B	39	C-370	33107	C-382	6915	7,800.00	709.09	709.09
Cebu Brake Center & Enter. Corp.	B	39	C-371	33157	C-382	6915	1,290.00	117.27	117.27
Cebu Brake Center & Enter. Corp.	B	39	C-372	33150	C-382	6915	520.00	47.27	47.27
Cebu Brake Center & Enter. Corp.	B	39	C-373	33183	C-382	6915	3,450.00	313.64	313.64
Cebu Brake Center & Enter. Corp.	B	39	C-374	33169	C-382	6915	985.00	89.55	89.55
Cebu Brake Center & Enter. Corp.	B	39	C-375	33173	C-382	6915	2,480.00	225.45	225.45
Cebu Brake Center & Enter. Corp.	B	39	C-376	33202	C-382	6915	8,810.00	800.91	800.91
Cebu Brake Center & Enter. Corp.	B	39	C-377	33205	C-382	6915	5,525.00	502.27	502.27
Cebu Brake Center & Enter. Corp.	B	39	C-378	33224	C-382	6915	1,650.00	150.00	150.00
Cebu Brake Center & Enter. Corp.	B	39	C-379	33227	C-382	6915	1,090.00	99.09	99.09
Cebu Brake Center & Enter. Corp.	B	39	C-380	33253	C-382	6915	9,450.00	859.09	859.09
Cebu Brake Center & Enter. Corp.	B	39	C-381	33259	C-382	6915	1,395.00	126.82	126.82
Cebu Brake Center & Enter. Corp.	B	43	C-472	33268	C-471	6637	8,450.00	768.18	768.18
Cebu Brake Center & Enter. Corp.	B	43	C-473	33273	C-471	6637	1,950.00	177.27	177.27
Cebu Brake Center & Enter. Corp.	B	43	C-474	33281	C-471	6637	300.00	27.27	27.27
Cebu Brake Center & Enter. Corp.	B	43	C-475	33392	C-471	6637	540.00	49.09	49.09
Cebu Brake Center & Enter. Corp.	B	43	C-476	33306	C-471	6637	1,490.00	135.45	135.45
Cebu Brake Center & Enter. Corp.	B	43	C-477	33319	C-471	6637	3,380.00	307.27	307.27
Cebu Brake Center & Enter. Corp.	B	43	C-478	33324	C-471	6637	2,400.00	218.18	218.18
Cebu Brake Center & Enter. Corp.	B	43	C-479	33340	C-471	6637	2,850.00	259.09	259.09
Cebu Brake Center & Enter. Corp.	B	43	C-480	33350	C-471	6637	3,780.00	343.64	343.64
Cebu Brake Center & Enter. Corp.	B	43	C-481	33354	C-471	6637	1,300.00	118.18	118.18
Cebu Brake Center & Enter. Corp.	B	43	C-482	33369	C-471	6637	232.50	21.14	21.14
Cebu Brake Center & Enter. Corp.	B	43	C-483	33384	C-471	6637	1,520.00	138.18	138.18

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Supplier	Per Summary Exh.	Per Summary Page	Invoice Exh.	Invoice No.	O. R. Exh.	O. R. No.	Inv. Amount	Input Tax Claimed	Amount Disallowed
Cebu Brake Center & Enter. Corp.	B	43	C-484	33457	C-471	6637	1,200.00	109.09	109.09
Cebu Brake Center & Enter. Corp.	B	43	C-485	33461	C-471	6637	10,090.00	917.27	917.27
Cebu Brake Center & Enter. Corp.	B	43	C-486	33469	C-471	6637	472.00	42.91	42.91
Cebu Brake Center & Enter. Corp.	B	47	C-624	33485	C-640	6963	1,480.00	134.55	134.55
Cebu Brake Center & Enter. Corp.	B	47	C-625	33475	C-640	6963	11,876.00	1,079.64	1,079.64
Cebu Brake Center & Enter. Corp.	B	47	C-626	33487	C-640	6963	2,850.00	259.09	259.09
Cebu Brake Center & Enter. Corp.	B	47	C-627	33500	C-640	6963	19,500.00	1,772.73	1,772.73
Cebu Brake Center & Enter. Corp.	B	47	C-628	33504	C-640	6963	15,825.00	1,438.64	1,438.64
Cebu Brake Center & Enter. Corp.	B	47	C-629	33508	C-640	6963	1,987.50	180.68	180.68
Cebu Brake Center & Enter. Corp.	B	47	C-630	33540	C-640	6963	3,520.00	320.00	320.00
Cebu Brake Center & Enter. Corp.	B	47	C-631	33544	C-640	6963	15,850.00	1,440.91	1,440.91
Cebu Brake Center & Enter. Corp.	B	47	C-632	33552	C-640	6963	9,900.00	900.00	900.00
Cebu Brake Center & Enter. Corp.	B	47	C-633	33553	C-640	6963	3,100.00	281.82	281.82
Cebu Brake Center & Enter. Corp.	B	47	C-634	33565	C-640	6963	9,050.00	822.73	822.73
Cebu Brake Center & Enter. Corp.	B	47	C-635	33573	C-640	6963	7,830.00	711.82	711.82
Cebu Brake Center & Enter. Corp.	B	47	C-636	33577	C-640	6963	3,100.00	281.82	281.82
Cebu Brake Center & Enter. Corp.	B	48	C-637	33583	C-640	6963	32,350.00	2,940.91	2,940.91
Cebu Brake Center & Enter. Corp.	B	48	C-638	33582	C-640	6963	6,250.00	568.18	568.18
Cebu Brake Center & Enter. Corp.	B	48	C-639	33592	C-640	6963	1,860.00	169.09	169.09
Cebu Brake Center & Enter. Corp.	B	63	C-1191	33861	C-1205	7104	190.00	17.27	17.27
Cebu Brake Center & Enter. Corp.	B	63	C-1192	33881	C-1205	7104	1,655.00	150.45	150.45
Cebu Brake Center & Enter. Corp.	B	63	C-1193	33880	C-1205	7104	1,890.00	171.82	171.82
Cebu Brake Center & Enter. Corp.	B	63	C-1194	33872	C-1205	7104	2,680.00	243.64	243.64
Cebu Brake Center & Enter. Corp.	B	63	C-1195	33871	C-1205	7104	1,500.00	136.36	136.36
Cebu Brake Center & Enter. Corp.	B	63	C-1196	33873	C-1205	7104	500.00	45.45	45.45
Cebu Brake Center & Enter. Corp.	B	63	C-1197	33874	C-1205	7104	2,320.00	210.91	210.91
Cebu Brake Center & Enter. Corp.	B	64	C-1198	33876	C-1205	7104	2,150.00	195.45	195.45
Cebu Brake Center & Enter. Corp.	B	64	C-1199	33875	C-1205	7104	515.00	46.82	46.82
Cebu Brake Center & Enter. Corp.	B	64	C-1200	33878	C-1205	7104	3,450.00	313.64	313.64
Cebu Brake Center & Enter. Corp.	B	64	C-1201	33879	C-1205	7104	1,680.00	152.73	152.73
Cebu Brake Center & Enter. Corp.	B	64	C-1202	33884	C-1205	7104	960.00	87.27	87.27
Cebu Brake Center & Enter. Corp.	B	64	C-1203	33887	C-1205	7104	920.00	83.64	83.64
Cebu Brake Center & Enter. Corp.	B	64	C-1204	33888	C-1205	7104	675.00	61.36	61.36

9.) Without official receipts but only provisional receipt;
Invoices are duplicate copies only as found
by the Revenue Officer (BIR Records, pp. 227, 222, 221)

Supplier	Per Summary Exh.	Per Summary Page	Invoice Exh.	Invoice No.	O. R. Exh.	O. R. No.	Inv. Amount	Input Tax Claimed	Amount Disallowed
Core Automotive Resources, Inc.	A	9	B-288	1761	B-289	1543	700,000.00	63,636.36	63,636.36
Northern Mindanao Bandag, Inc.	B	63	C-1178	104655	C-1183	46805	11,628.00	1,057.09	1,057.09
Northern Mindanao Bandag, Inc.	B	63	C-1179	104656	C-1183	46805	11,628.00	1,057.09	1,057.09
Northern Mindanao Bandag, Inc.	B	63	C-1180	104657	C-1183	46805	11,628.00	1,057.09	1,057.09
Northern Mindanao Bandag, Inc.	B	63	C-1181	104658	C-1183	46805	11,628.00	1,057.09	1,057.09
Northern Mindanao Bandag, Inc.	B	63	C-1182	104659	C-1183	46805	11,628.00	1,057.09	1,057.09
Northern Mindanao Bandag, Inc.	B	63	C-1185	104774	C-1183	46805	11,628.00	1,057.09	1,057.09
Northern Mindanao Bandag, Inc.	B	63	C-1186	104792	C-1183	46805	11,628.00	1,057.09	1,057.09
Northern Mindanao Bandag, Inc.	B	63	C-1187	104776	C-1183	46805	11,803.95	1,073.09	1,073.09
Northern Mindanao Bandag, Inc.	B	63	C-1188	104773	C-1183	46805	11,628.03	1,057.09	1,057.09
Northern Mindanao Bandag, Inc.	B	63	C-1189	104767	C-1183	46805	11,745.30	1,067.75	1,067.75

10.) Non-vat invoices and non-vat official receipt

Supplier	Per Summary Exh.	Per Summary Page	Invoice Exh.	Invoice No.	O. R. Exh.	O. R. No.	Inv. Amount	Input Tax Claimed	Amount Disallowed
Joy Engineering Enterprises	A	11	B-324	5883	B-327	1516	16,000.00	1,454.55	1,454.55
Joy Engineering Enterprises	A	11	B-325	5884	B-327	1516	16,000.00	1,454.55	1,454.55
Joy Engineering Enterprises	A	11	B-326	5885	B-327	1516	16,000.00	1,454.55	1,454.55

11.) Official receipt printed 1990 without TIN "V" / "VAT";
Invoices are duplicate copies only as found
by the Revenue Officer (BIR records, page 223)

Supplier	Per Summary Exh.	Per Summary Page	Invoice Exh.	Invoice No.	O. R. Exh.	O. R. No.	Inv. Amount	Input Tax Claimed	Amount Disallowed
Oasis Enterprises	B	43	C-487	0192	C-492	1733	14,979.10	1,361.74	1,361.74
Oasis Enterprises	B	43	C-488	0197	C-492	1733	1,323.40	120.31	120.31

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Supplier	Per Summary Exh.	Page	Invoice Exh.	No.	O. R. Exh.	No.	Inv. Amount	Input Tax Claimed	Amount Disallowed
Oasis Enterprises	B	43	C-489	0209	C-492	1733	11,755.10	1,068.65	1,068.65
Oasis Enterprises	B	43	C-490	0224	C-492	1733	8,288.75	753.52	753.52
Oasis Enterprises	B	43	C-491	0230	C-492	1733	8,835.60	803.24	803.24
12.) Invoices without "V" / "VAT" after TIN/BIR permit No.; Non-vat official receipts									
Navship Enterprises	A	24	B-703	0010		0009	555.01	50.46	50.46
Navship Enterprises	A	26	B-745	12	B-745-A	11	2,572.00	233.82	233.82
Navship Enterprises	A	28	B-818	0015		0012	8,758.00	796.18	796.18
13.) Invoices/official receipts without TIN "V" / "VAT"									
To Suy Hardware	A	9	B-297	74671	B-298	15157	25,262.50	2,296.59	2,296.59
Butuan Golden Parts	B	49	C-682	2324	C-683	2453	101,504.00	9,227.64	9,227.64
14.) Invoice is duplicate copy; Official receipt is xerox copy only as found by the Revenue Officer (BIR Records, page 225)									
Surigao Glass Master	B	37	C-256	2564	C-257	2611	72.00	6.55	6.55
15.) Non-vat invoices and official receipts printed 1995 without "V" / "VAT" after TIN									
Vocom Enterprises	B	37	C-255	015		299	56,275.00	5,115.91	5,115.91
Vocom Enterprises	B	50	C-719			232	1,250.00	113.64	113.64
Vocom Enterprises	B	67	C-1355	029	C-1357	461	6,500.00	590.91	590.91
Vocom Enterprises	B	67	C-1356	030	C-1357	461	5,298.00	481.64	481.64
Vocom Enterprises	B	67	C-1353	043	C-1354	467	196,000.00	17,818.18	17,818.18
16.) Invoices printed 1994 without "V" / "VAT" after TIN; Non-vat official receipts									
Pilipinas Shell	B	38	C-321	56008	C-322	4063	98,609.67	8,964.52	8,964.52
Pilipinas Shell	B	45	C-554	56411	C-555	21112	133,091.01	12,099.18	12,099.18
Pilipinas Shell	B	45	C-553	56471	C-555	21112	77,519.86	7,047.26	7,047.26
Pilipinas Shell	B	45	C-552	56659	C-555	21112	158,030.19	14,366.38	14,366.38
Pilipinas Shell	B	45	C-551	56662	C-555	21112	77,475.86	7,043.26	7,043.26
17.) Invoices are merely computer printouts and are not pre-printed forms with pre-printed BIR permit no. & TIN "V" / "VAT"; Non-vat official receipts									
Pilipinas Shell	B	53	C-819	90000692	C-823	25373	77,463.76	7,042.16	7,042.16
Pilipinas Shell	B	53	C-820	90014283	C-823	25373	31,759.89	2,887.26	2,887.26
Pilipinas Shell	B	53	C-821	90015123	C-823	25373	36,371.63	3,306.51	3,306.51
Pilipinas Shell	B	53	C-822	90016395	C-823	25373	77,388.08	7,035.28	7,035.28
Pilipinas Shell	B	57	C-955	90053988	C-961	28484	2,511.95	228.36	228.36
Pilipinas Shell	B	57	C-956	90068192	C-961	28484	81,018.08	7,365.28	7,365.28
Pilipinas Shell	B	57	C-957	90069119	C-961	28484	142,326.40	12,938.76	12,938.76
Pilipinas Shell	B	57	C-959	90079240	C-961	28484	81,137.76	7,376.16	7,376.16
Pilipinas Shell	B	57	C-960	90081509	C-961	28484	81,137.76	7,376.16	7,376.16
Pilipinas Shell	B	57	C-958	90094353	C-961	28484	1,077.56	97.96	97.96
Pilipinas Shell	B	61	C-1103	90131530	C-1107	35513	2,155.12	195.92	195.92
Pilipinas Shell	B	61	C-1104	90134660	C-1107	35513	19,722.80	1,792.98	1,792.98
Pilipinas Shell	B	61	C-1105	90138681	C-1107	35513	48,623.97	4,420.36	4,420.36
Pilipinas Shell	B	61	C-1106	90140995	C-1107	35513	81,137.76	7,376.16	7,376.16
Pilipinas Shell	B	62	C-1156	90167103	C-1157	35631	78,654.99	7,150.45	7,150.45
Pilipinas Shell	B	63	C-1158	90168012	C-1157	35631	86,967.76	7,906.16	7,906.16
Pilipinas Shell	B	70	C-1465	90252928	C-1466	41424	2,283.38	207.58	207.58

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Supplier	Per Summary Exh.	Per Summary Page	Invoice Exh.	Invoice No.	O. R. Exh.	O. R. No.	Inv. Amount	Input Tax Claimed	Amount Disallowed
18.) Without invoices but only statement of accounts and claimed input taxes are overstated									
La Costa Shipping & Lighterage	A	12	B-361	022	B-363	224	450,725.00	40,975.00	
La Costa Shipping & Lighterage	A	12	B-362	023	B-363	224	560,503.37	50,954.85	
								91,929.85	
Should be tax-base as per OR amount of P510,315.39							514,997.23	(46,817.93)	45,111.92
La Costa Shipping & Lighterage	A	18	B-509	035/97	B-510	233	268,812.67	24,437.52	
Should be tax-base as per OR amount of P179,798.92							181,448.47	(16,495.32)	7,942.20
La Costa Shipping & Lighterage	B	36	C-238	057		96	545,600.00	49,600.00	
La Costa Shipping & Lighterage	B	36	C-239	058		96	565,277.66	51,388.88	
								100,988.88	
Should be tax-base per OR amount of P222,023.91							224,060.85	(20,369.17)	80,619.71
19.) Discrepancy between the total input taxes as indicated in the summary of input taxes for 1997and the total claimed input taxes									
Total claimed input taxes								11,857,864.95	
Total input taxes per Summary (Exh. A-3)								(11,785,865.10)	
Discrepancy									71,999.85
								Total:	**P 614,016.54**