REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL SECOND DIVISION

DOLE PHILIPPINES, INC., *Petitioner,*	**CTA CASE NO. 10212**
	Members:
-versus-	**BACORRO-VILLENA**, *and* **CUI-DAVID**, *JJ.*
COMMISSIONER OF INTERNAL REVENUE, *Respondent.*	Promulgated: JUN 13 2023 3:17 p.m.

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THE PARTIES

Petitioner Dole Philippines, Inc. is a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal address at Cannery Site, Cannery, Polomolok, Sarangani Economic Development Zone, South Cotabato.[5]

Petitioner's primary purpose is "to acquire, own, lease, hold, cultivate, develop, operate and maintain agricultural lands, grazing lands, farms, plantations, orchards and, gardens, cattle and other ranches, and to plant, grow, cultivate and harvest pineapples and other agricultural crops and raise and breed cattle and other kinds of animals therein and thereon; to produce, process, can, manufacture, freeze, preserve, refine, pack, buy and sell and otherwise deal in and with said cattle, other animals, pineapples, other agricultural crops, and other products of the land, including the products and by-products thereof, and for such and be such purposes to acquire, construct, lease, own, maintain and operate cold storage plants, slaughter houses, canneries, mills, factories, railroads, airplanes, ships, lighters, docks, piers, warehouses, storage and shipping facilities, buildings, structures and works of all kinds, wireless plants, instruments and apparatus, and all machinery, equipment and appliances which may be required, needed or used in connection therewith, for making manufacturing, storing, maintaining and transporting its crops, supplies, products and other property, and for other purposes incidental to any of its business; and to acquire, construct, maintain and operate pumping plants, irrigation systems and other works for the development, conservation, storage, transmission and utilization of water, including artesian wells, shafts, tunnels, pipe lines, ditches, flunes, dams, reservoirs and other works, and to do all of the things incidental to or proper in the business of acquiring water for its own use."[6]

It is registered with the Bureau of Internal Revenue ("**BIR**") as a VAT-registered taxpayer with Tax Identification Number ("**TIN**") 000-428-573.[7] Its branches throughout the Philippines are likewise registered with the BIR.[8]

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[5] Exhibit "P-1", Docket – Vol. I, p. 305; Pars. 3.1 and 4.1, Petition for Review, Docket – Vol. I, p. 8.
[6] Exhibit "P-2-a", Docket – Vol. I, pp. 306-307.
[7] Exhibit "P-3", Docket – Vol. I, p. 324.
[8] Exhibits "P-3-A" to "P-3-Z", Docket – Vol. I, pp. 326-351.

Respondent Commissioner of Internal Revenue is empowered to perform the duties of his office, including acting upon on protest cases and approval of claims for refund or tax credit as provided by law and implementing regulations. He can be served with notices at BIR National Office Bldg., BIR Road, Diliman, Quezon City.[9]

THE FACTS

On June 28, 2019, petitioner filed an Application for Tax Credits / Refunds (BIR Form No. 1914),[10] with a Sworn Statement executed by Ms. Rhodora U. Cagampan,[11] under Section 112 of the National Internal Revenue Code ("**NIRC**") of 1997, as amended, for the refund of VAT, in the amount of ₱1,218,800,809.92 for the period from April 1, 2017 to March 31, 2018 with the BIR's VAT Credit Audit Division ("**VCAD**").

On October 16, 2019, petitioner received the *VAT Refund Notice*[12] dated August 29, 2019, and *Tax Verification Notice* No. TVN2018000083093 [13] dated June 28, 2019, issued by respondent, partially granting petitioner's administrative claim in the amount of ₱893,529,266.59.

Petitioner filed a *Petition of Review* on November 13, 2019.[14]

On January 31, 2020, within the extended time granted by the Court,[15] respondent filed his *Answer.*[16]

The Pre-Trial Conference was initially set on February 27, 2020.[17] However, on February 13, 2020, petitioner filed a *Motion to Reset Pre-Trial Conference,* [18] which the Court granted.[19] Petitioner's *Pre-Trial Brief* was filed on June 23, 2020,[20] *Respondent's Pre-Trial Brief* was submitted on June 26,

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[9] Par. 3.2, Petition for Review, Docket – Vol. I, p. 8.
[10] Exhibit "P-68", Docket – Vol. II, pp. 954 to 955.
[11] Exhibit "P-70". Docket – Vol. II, p. 970.
[12] Exhibits "P-73-A" and "P-73-B", Docket – Vol. II, pp. 974 to 975.
[13] Exhibit "P-73", Docket – Vol. II, p. 973.
[14] Docket – Vol. I, pp. 6 to 36.
[15] Respondent's *Motion for Extension of Time to File Answer*, Docket – Vol. I, pp. 193 to 196; Order dated December 9, 2019, Docket – Vol. I, p. 198; Respondent's *Motion for Additional Time to File Answer*, Docket – Vol. I, pp. 199 to 202; Order dated January 8, 2020, Docket – Vol. I, p. 204.
[16] Docket – Vol. I, pp. 206 to 215.
[17] *Notice of Pre-Trial Conference* dated February 27, 2020, Docket – Vol. I, pp. 221 to 222.
[18] Docket – Vol. I, pp. 223 to 225.
[19] Order dated February 18, 2020, Docket – Vol. I, p. 228.
[20] Docket – Vol. I, pp. 235 to 264.

2020.[21] The Pre-Trial Conference was eventually held on June 29, 2020.[22]

On July 20, 2020, petitioner filed a *Manifestation*,[23] stating that the parties have disagreed on certain stipulations of issues; thus, they will no longer file a *Joint Stipulation of Facts and Issues*. In the *Resolution* dated July 29, 2020,[24] the Court noted the *Manifestation*.

On September 8, 2020, respondent transmitted the *BIR Records* of this case, consisting of one (1) folder, consecutively numbered as pages 1 to 58.[25]

The trial ensued, wherein the parties presented their respective documentary and testimonial evidence.

Petitioner offered the testimonies of the following individuals, namely: (1) Mr. Rhodora U. Cagampan,[26] Tax Manager of Dole Asia Company Ltd.; and (2) Ms. Sonia D. Segovia,[27] the Court-commissioned independent certified public accountant ("**ICPA**").[28]

The *Report* of the ICPA was submitted on January 12, 2021, consisting of eight (8) binders.[29]

Petitioner filed its *Formal Offer of Evidence* on February 26, 2020.[30] On March 5, 2021, respondent posted a *Motion to Admit Attached Comment on Petitioner's Formal Offer of Evidence.*[31] In its Resolution dated March 22, 2021,[32] the Court granted the *Motion* and admitted the attached *Comment/Opposition (to Petitioner's Formal Offer of Evidence) with Manifestation.*[33]

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[21] Docket – Vol. I, pp. 560 to 563.
[22] Order dated, and Minutes of the hearing held on, June 29, 2020, Docket – Vol. II, pp. 564 to 565.
[23] Docket – Vol. II, pp. 583 to 584.
[24] Docket – Vol. II, p. 592.
[25] Docket – Vol. II, pp. 610 to 612.
[26] Exhibit "P-75", Docket – Vol. I, pp. 270 to 559; Minutes of the hearing held on, and Order dated, October 14, 2020, Docket – Vol. II, pp. 626 to 627.
[27] Exhibit "P-470", Docket – Vol. II, pp. 655 to 702; Minutes of the hearing held on, and Order dated, February 1, 2021, Docket – Vol. II, pp. 703 to 704.
[28] *Oath of Commission* dated October 14, 2020, Docket – Vol. II, p. 628; Minutes of the hearing held on, and Order dated, October 14, 2020, Docket – Vol. II, pp. 626 to 627.
[29] Exhibit "P-77-A".
[30] Docket – Vol. II, pp. 723 to 754.
[31] Docket – Vol. II, pp. 979 to 983.
[32] Docket – Vol. II, p. 991.
[33] Docket – Vol. II, pp. 985 to 988.

In the *Resolution* dated July 12, 2021,[34] the Court admitted petitioner's offered exhibits, *except* for the following:

1. Exhibits "P-1", "P-2", "P-2-A", "P-3", "P-3-A" to "P-3-Z", "P-11", "P-11-A" to "P-11-C", "P-12", "P-13-A", "P-13-B", "P-54" to "P-65", "P-68", "P-69", "P-71" to "P-73", and "P-74", for failure to submit the duly marked exhibits with the indication that the same are accordingly the original computer print-out, certified true copies or faithful reproduction of the originals; and

2. Exhibit "P-88-ae", "P-105-abl", "P-105-aew", "P-248-aw", "P-251-ak", "P-315-a", "P-334-b", "P-334-d", "P-441-wo", "P-441-agb", "P-442-em", "P-442-ig", "P-442-pe", "P-442-aag", "P-442-acq", and "P-442-aml", as the foregoing documents could not be found in the USB containing the softcopies of the exhibits identified in the ICPA *Report*.

Consequently, on August 3, 2021, petitioner filed a *Motion for Partial Reconsideration to the Resolution dated July 12, 2021*,[35] praying that this Court admit the denied exhibits. Respondent filed his *Manifestation* on November 24, 2021.[36]

In the *Resolution* dated February 14, 2022,[37] the Court granted petitioner's *Motion for Partial Reconsideration* and admitted Exhibits "P-1", "P-2", "P-2-A", "P-3", "P-3-A" to "P-3-Z", "P-11", "P-11-A" to "P-11-C", "P-12", "P-13-A", "P-13-B", "P-54" to "P-65", "P-68", "P-69", "P-71" to "P-73", "P-74", "P-88-ae", "P-105-abl", "P-105-aew", "P-248-aw", "P-251-ak", "P-315-a", "P-334-b", "P-334-d", "P-441-wo", "P-441-agb", "P-442-em", "P-442-ig", "P-442-pe", "P-442-aag", "P-442-acq", and "P-442-aml".

In the meantime, respondent, for his part, offered the testimony of Revenue Officer ("**RO**") Daniel Carlo C. Perez.[38]

[34] Docket – Vol. II, pp. 993 to 996.
[35] Docket – Vol. II, pp. 998 to 1001.
[36] Docket – Vol. II, pp. 1032 to 1034.
[37] Docket – Vol. II, pp. 1046 to 1048.
[38] Exhibit "R-6", Docket – Vol. II, pp. 618 to 622-a; Order dated November 10, 2021, Docket – Vol. II, p. 1031.

Respondent's Formal Offer of Evidence was filed on December 1, 2021.[39] Petitioner filed its *Comment/Opposition (To the Respondent's Formal Offer of Evidence).*[40] In the *Resolution* dated February 14, 2022,[41] the Court admitted all respondent's offered exhibits.

On March 8, 2022, respondent filed his *Memorandum,*[42] while petitioner filed its *Memorandum* on March 9, 2022.[43]

The present case was submitted for decision on March 14, 2022.[44]

However, on March 28, 2022, petitioner filed an *Urgent Motion to Re-Open the Case.*[45] Respondent failed to file his comment/opposition thereon.[46]

In the *Resolution* dated June 16, 2022,[47] the Court denied petitioner's *Urgent Motion to Re-Open the Case* for lack of merit and submitted the present case for decision anew.

Hence, this *Decision.*

THE ISSUE

Petitioner raised the following issue for the resolution of the Court:

> WHETHER PETITIONER IS ENTITLED TO THE DENIED PORTION OF CLAIM FOR REFUND ON THE EXCESS AND UNUTILIZED INPUT VALUE-ADDED TAX (VAT) FOR THE PERIOD APRIL 1, 2017 TO MARCH 31, 2018 AMOUNTING TO ₱325,271,543.33.

PETITIONER'S ARGUMENTS

Petitioner argues that it is a VAT-registered taxpayer whose sales are entitled to VAT zero-rating.[48] Petitioner cites

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[39] Docket – Vol. II, pp. 1036 to 1040.
[40] Docket – Vol. II, pp. 1042 to 1043.
[41] Docket – Vol. II, pp. 1046 to 1048.
[42] Docket – Vol. II, pp. 1049 to 1057.
[43] Docket – Vol. II, pp. 1059 to 1099.
[44] Resolution dated March 14, 2022, Docket – Vol. II, p. 1101.
[45] Docket – Vol. II, pp. 1102 to 1104.
[46] Records Verification dated June 7, 2022 issued by the Judicial Records Division of this Court, Docket – Vol. II, p. 1126.
[47] Docket – Vol. II, pp. 1127 to 1130.
[48] Petition for Review, p. 6.

Section 106(A)(2)(a) of the NIRC of 1997, as amended, as the legal basis for its zero-rating.[49]

Petitioner further avers that it had unutilized and unapplied input tax credits from April 1, 2017 to March 31, 2018 directly attributable to its zero-rated sales in the aggregate amount of ₱1,218,800,809.92.[50] Petitioner also claims that it timely filed its administrative claim for refund within the two-year prescriptive period,[51] and that it timely filed its *Petition for Review* with the Court.[52]

Petitioner then argues that it should have been refunded the denied portion of ₱325,271,543.33 covering the period from April 1, 2017 to March 31, 2018.[53] It states that respondent erred in imputing output VAT from its zero-rated sales to Board of Investments ("**BOI**"), Subic Bay Metropolitan Authority ("**SBMA**"), and Clark Development Corporation ("**CDC**") enterprises[54] as they are allegedly properly classified as zero-rated sales under Revenue Regulations ("**RR**") No. 16-2005, as amended. Petitioner likewise impugns respondent's allocation of additional input VAT amounting to ₱51,333.07 to alleged unremitted export sales.[55]

Petitioner further assails respondent's findings that it overclaimed input VAT amounting to ₱2,404,031.31, contending that petitioner only claimed input taxes properly substantiated with official receipts and invoices.[56] Petitioner assails respondent's findings that it claimed input VAT amounting to ₱22,146,144.05 that is out of period and argues that these were incurred from April 1, 2017 to March 31, 2018.[57] Petitioner assails the disallowance of ₱754,178.95 of its input VAT for allegedly being purchases from non-VAT registered suppliers based on the verification of the Integrated Tax System ("**ITS**"), contending that these are supported by invoices and official receipts from VAT-registered suppliers.[58]

[49] *Id.*, p. 8.
[50] *Id.*, p. 8.
[51] *Id.*, p. 9.
[52] *Id.*, p. 12.
[53] *Id.*, p. 13.
[54] *Id.*, p. 15.
[55] *Id.*, p. 22.
[56] *Id.*, p. 25.
[57] *Id.*, pp. 25-26.
[58] *Id.*, p. 26.

Further, petitioner claims that, contrary to respondent's findings, ₱686,204.43 of its input VAT were from petitioner's suppliers who were properly issued with Authority to Print,[59] ₱949,485.63 of its input VAT were evidenced by invoices and official receipts that are readable,[60] ₱52,409.19 of its input VAT were not claimed twice,[61] ₱402,274.97 of its input VAT were evidenced by official receipts and invoices in which the Authority to Print is indicated,[62] ₱56,544.48 of its input VAT and ₱40,077.44 of its final withholding VAT were substantiated,[63] ₱61,520.00 of its input VAT were separately billed in the Bureau of Customs ("**BOC**") Statement of Settlement of Duties and Taxes ("**SSDT**"),[64] ₱15,186,044.55 of its input VAT were collaborated [sic] with other supporting documents despite the fact that the invoices contained alterations, [65] ₱1,382,553.27 of its input VAT were not overclaimed but "pertain to the difference between the petitioner's actual amount of input VAT allocable to exempt sales per VAT returns versus VCAD's computed allocation of input VAT on exempt sales"[66], and ₱2,933,642 of its input VAT on importation were properly supported with sales invoice, import entry, and other documents showing actual payment of VAT.[67]

Petitioner further argues that the imposition of the compromise penalty amounting to ₱12,500.00 is improper considering that the same is without its conformity.[68]

However, petitioner agrees with the finding of respondent that input tax in the amount of ₱1,075,123.00 pertains to the bond already refunded by the BOC[69] and that its deferred input VAT amounting to ₱5,144,460.88 should be disallowed.[70]

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[59] *Id.*, p. 26.
[60] *Id.*, p. 26.
[61] *Id.*, p. 26.
[62] *Id.*, p. 27.
[63] *Id.*, p. 27.
[64] *Id.*, p. 27.
[65] *Id.*, pp. 27-28.
[66] *Id.*, p. 28.
[67] *Id.*, p. 29.
[68] *Id.*, pp. 28-29.
[69] *Id.*, p. 27.
[70] *Id.*, p. 28.

RESPONDENT'S ARGUMENTS

Respondent argues that petitioner failed to comply with the mandatory requirements for claiming a refund or tax credit.[71]

According to respondent, petitioner's input VAT on Big Ticket purchases in the amount of ₱973,750 was disallowed for failure to attach supporting documents, such as a debit note or sales invoice, for being supported by altered invoices, and for being out-of-period.[72] Respondent also posits that petitioner's input tax on importations in the amount of ₱2,933,642 was likewise disallowed for failure to present the corresponding invoices and/or out-of-period SSDT.[73]

Respondent states that petitioner has additional over-claimed input VAT in the amount of ₱1,382,553.27 pertaining to the discrepancy on input tax claimed based on Net Available Input Tax per VAT returns of fiscal year ("**FY**") 2018 as against the Application for Tax Credits/Refunds (BIR Form No. 1914).[74]

According to respondent, petitioner's zero-rated sales were not properly substantiated, resulting in an allocated and disallowed input tax amount of ₱18,409,246.48.[75]

Finally, respondent states that refund claims are construed strictly against the claimant for the same partake of the nature of exemption from taxation and, as such, they are looked upon with disfavor.[76]

THE COURT'S RULING

The *Petition for Review* is partly meritorious.

The Court has jurisdiction over the instant Petition.

Before proceeding to the merits of the case, We shall determine whether the Court has jurisdiction to take cognizance of this case.

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[71] Answer, p. 2.
[72] *Id.*, p. 4
[73] *Id.*, p. 4.
[74] *Id.*, p. 6.
[75] *Id.*, p. 6.
[76] *Id.*, p. 8.

Section 7(a)(1) of Republic Act ("**RA**") No. 9282, [77] amending RA No. 1125,[78] provides that:

> Section 7. *Jurisdiction.* — The CTA shall exercise:
>
> (a) Exclusive appellate jurisdiction to review by appeal, as herein provided:
>
> ... ...
>
> **(1) Decisions of the Commissioner of Internal Revenue in cases involving** disputed assessments, **refunds of internal revenue taxes,** fees or other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue [*Emphasis and underscoring supplied.*]

The above provision is implemented by Section 3(a)(1), Rule 4 of the RRCTA,[79] to wit:

> Section 3. *Cases within the jurisdiction of the Court in Division.* — The Court in Division shall exercise:
>
> (a) Exclusive original or appellate jurisdiction to review by appeal the following:
>
> ... ...
>
> (1) **Decisions of the Commissioner of Internal Revenue in cases involving** disputed assessments, **refunds of internal revenue taxes**, fees or other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue [*Emphasis and underscoring supplied.*]

The records show that on October 16, 2019, petitioner received the *VAT Refund Notice*[80] dated August 29, 2019, and *Tax Verification Notice* No. TVN20180000830938[1] dated June 28, 2019, issued by respondent, partially granting petitioner's administrative claim in the amount of ₱893,529,266.59. Under Section 3(a), Rule 8[82] of the RRCTA, petitioner had

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[77] An Act Expanding the Jurisdiction of the Court of Tax Appeals (CTA), Elevating Its Rank to the Level of a Collegiate Court with Special Jurisdiction and Enlarging Its Membership, Amending for the Purpose Certain Sections of Republic Act No. 1125, as Amended, Otherwise Known as the Law Creating the Court of Tax Appeals, and for Other Purposes, 30 March 2004.

[78] An Act Creating the Court of Tax Appeals, June 16, 1954.

[79] A.M. No. 05-11-07-CTA, November 22, 2005.

[80] Annex "A", Petition for Review.

[81] Annex "B", Petition for Review.

[82] *Section 3. Who May Appeal; Period to File Petition.* — (a) A party adversely affected by a decision, ruling or the inaction of the Commissioner of Internal Revenue on disputed assessments or claims for refund of internal revenue taxes, or by a decision or ruling of the Commissioner of Customs, the Secretary of Finance, the Secretary of Trade and

thirty (30) days from receipt of the partial denial on October 16, 2019, or until November 15, 2019, to file a *Petition for Review* before the CTA.

Petitioner timely filed its *Petition of Review* on November 13, 2019.[83]

Having settled that the *Petition* was timely filed, We likewise rule that the Court has the requisite jurisdiction to take cognizance of this *Petition* under Section 3(a)(1), Rule 4[84] of the RRCTA.

We now proceed to the merits of the case.

Section 112(A) and (C) of the NIRC of 1997, as amended, provides:

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

Industry, the Secretary of Agriculture, or a Regional Trial Court in the exercise of its original jurisdiction may appeal to the Court by petition for review filed within thirty days after receipt of a copy of such decision or ruling, or expiration of the period fixed by law for the Commissioner of Internal Revenue to act on the disputed assessments. In case of inaction of the Commissioner of Internal Revenue on claims for refund of internal revenue taxes erroneously or illegally collected, the taxpayer must file a petition for review within the two-year period prescribed by law from payment or collection of the taxes.

[83] Docket – Vol. I, pp. 6 to 36.

[84] *Section 3. Cases Within the Jurisdiction of the Court in Divisions.* – The Court in Divisions shall exercise:
(a) Exclusive original or appellate jurisdiction to review by appeal the following:
(1) Decisions of the Commissioner of Internal Revenue in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue.

(B) ...

(C) *Period within which Refund of Input Taxes shall be Made.* - In proper cases, the Commissioner shall grant a refund for creditable input taxes within ninety (90) days from the date of submission of the official receipts or invoices and other documents in support of the application filed in accordance with Subsections (A) and (B) hereof: Provided, That should the Commissioner find that the grant of refund is not proper, the Commissioner must state in writing the legal and factual basis for the denial.

In case of full or partial denial of the claim for tax refund, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim, appeal the decision with the Court of Tax Appeals: Provided, however, That failure on the part of any official, agent, or employee of the BIR to act on the application within the ninety (90)-day period shall be punishable under Section 269 of this Code.

Based on the foregoing and as culled from jurisprudence, particularly *Commissioner of Internal Revenue vs. Toledo Power Co.*,[85] the requisites for claiming unutilized or excess input VAT under Section 112 of the NIRC of 1997, as amended, are as follows:

As to the timeliness of the filing of the administrative and judicial claims:

1. The claim is filed with the BIR within two years after the close of the taxable quarter when the sales were made;[86]

2. In case of full or partial denial of the refund claim, or the failure on the part of the Commissioner to act on the said claim within a period of [90] days, the judicial claim shall be filed with this Court within 30 days from receipt of the decision or after the expiration of the said [90]-day period;[87]

Concerning the taxpayer's registration with the BIR:

3. The taxpayer is a VAT-registered person;[88]

[85] G.R. Nos. 195175 & 199645, 10 August 2015, 766 SCRA 20-33.
[86] *Intel Technology Philippines, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 155732, April 27, 2007; *San Roque Power Corporation vs. Commissioner of Internal Revenue*, G.R. No. 180345, November 25, 2009; and AT&T Communications Services Philippines, Inc., G.R. No. 182364, 3 August 2010.
[87] *Steag State Power, Inc. (Formerly State Power Development Corporation) vs. Commissioner of Internal Revenue*, G.R. No. 205282, January 14, 2019; *Rohm Apollo Semiconductor Philippines vs. Commissioner of Internal Revenue*, G.R. No. 168950, January 14, 2015.
[88] *Intel Technology Philippines, Inc. vs. Commissioner of Internal Revenue, supra*; *San Roque Power Corporation vs. Commissioner of Internal Revenue, supra*; and AT&T Communications Services Philippines, Inc., *supra*.

In relation to the taxpayer's output VAT:

> 4. The taxpayer is engaged in zero-rated or effectively zero-rated sales;[89]
>
> 5. For zero-rated sales under Sections 106 (A) (2) (1) and (2); 106 (B); and 108 (B) (1) and (2) of the NIRC of 1997, as amended, the acceptable foreign currency exchange proceeds have been duly accounted for in accordance with the *Bangko Sentral ng Pilipinas* ("BSP") rules and regulations;[90]

As regards the taxpayer's input VAT being refunded:

> 6. The input taxes are not transitional;[91]
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> 7. The input taxes are due or paid;[92]
>
> 8. The input taxes claimed are attributable to zero-rated or effectively zero-rated sales. However, where there are both zero-rated or effectively zero-rated sales and taxable or exempt sales, and the input taxes cannot be directly and entirely attributable to any of these sales, the input taxes shall be proportionately allocated on the basis of sales volume;[93] and
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> 9. The input taxes have not been applied against output taxes during and in the succeeding quarters.[94]

We discuss each requisite in *seriatim*.

First and second requisites: Petitioner's administrative and judicial claims for refund were timely filed.

The *first* requisite pertains to filing the claim for a tax credit or refund of input VAT before the BIR within two (2) years from the close of the taxable quarter when the zero-rated or effectively zero-rated sales were made.

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[89] *Id.*
[90] *Id.*
[91] *Id.*
[92] *Id.*
[93] *Intel Technology Philippines, Inc. vs. Commissioner of Internal Revenue, supra*; *San Roque Power Corporation vs. Commissioner of Internal Revenue, supra*; and AT&T Communications Services Philippines, Inc., *supra*.
[94] *Intel Technology Philippines, Inc. vs. Commissioner of Internal Revenue, supra*; *San Roque Power Corporation vs. Commissioner of Internal Revenue, supra*; and AT&T Communications Services Philippines, Inc., *supra*.

In the present case, petitioner seeks to refund its unutilized input taxes attributable to its VAT zero-rated sales for the four taxable quarters or for the period covering from April 1, 2017 to March 31, 2018.

Counting two years from the close of the subject taxable quarters, petitioner had until the following dates to file its administrative claim:

Period Covered	**Close of the Taxable Quarter**	**Last Day to File Administrative Claim**
1st Quarter (April 1 to June 30, 2017)	June 30, 2017	June 30, 2019
2nd Quarter (July 1 to September 30, 2017)	September 30, 2017	September 30, 2019
3rd Quarter (October 1 to December 31, 2017	December 31, 2017	December 31, 2019
4th Quarter (January 1 to March 31, 2018)	March 31, 2018	March 31, 2020

Records reveal that on **June 28, 2019**, petitioner filed an Application for Tax Credits / Refunds (BIR Form No. 1914)[95] with a Sworn Statement executed by Ms. Rhodora U. Cagampan.[96] Accordingly, We rule that the administrative claim for refund was seasonably filed.

The *second* requisite is to the effect that the judicial claim for refund must have been filed within thirty (30) days from receipt of respondent's decision or after the expiration of the ninety (90)-day period under the afore-quoted Section 112(C) of the NIRC of 1997, as amended.

Notably, under Section 4.108-5 of RR No. 13-2018,[97] all applications filed from January 1, 2018 shall be processed and decided within **ninety (90) days** from the filing of the VAT

[95] *Supra* at note 10.
[96] *Supra* at note 11.
[97] Regulations Implementing the VAT Provisions under the RA No. 10963, Further Amending RR No. 16-2005, as Amended, March 15, 2018.

refund application, while those filed before January 1, 2018, shall still be governed by the **one hundred twenty (120) days** processing period.

In this case, from filing petitioner's administrative claim on **June 28, 2019**, respondent had ninety (90) days, or until September 26, 2019,[98] to act on the claim. Records show that on August 29, 2019, or before the lapse of the 90 days, respondent issued the VAT Refund Notice partially denying petitioner's administrative claim. However, petitioner received the VAT Refund Notice dated August 29, 2019 only on October 16, 2019;[99] thus, it had 30 days from October 16, 2019 or until November 15, 2019, to file a judicial claim. Petitioner timely filed its judicial claim via the present *Petition for Review*[100] on November 13, 2019.

Based on the foregoing, petitioner has complied with the *first* and *second* requisites.

Third requisite: Petitioner is a VAT-registered entity.

In determining whether petitioner is VAT-registered, reference may be made to its BIR Certificate of Registration (BIR Form No. 2303).

A perusal of petitioner's Certificates of Registration for its Head Office[101] and its branches[102] indeed reveals that it is a VAT-registered taxpayer. As this is undisputed, We rule that the third requisite has been complied with.

Having settled that petitioner is a VAT-registered taxpayer, and its administrative and judicial claims have been timely filed, We now proceed to determine whether it is entitled to its claim for refund of unutilized input VAT attributable to zero-rated sales.

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[98] The 90th day from June 28, 2019 is September 26, 2019; Exhibits "P-73-A" and "P-73-B", Docket – Vol. I, pp. 556 to 557.
[99] Par. 2.3, Petition for Review, Docket – Vol. I, p. 7; Exhibits "P-73-A" and "P-73-B", Docket – Vol. I, pp. 556 to 557.
[100] Docket – Vol. I, pp. 6 to 35.
[101] *Supra* at note 7.
[102] *Supra* at note 8.

Fourth and fifth requisites: Petitioner had zero-rated sales or effectively zero-rated sales from April 1, 2017 to March 31, 2018 but only in the amount of ₱31,384,368,317.33.

The *fourth* and *fifth* requisites require that the taxpayer be engaged in zero-rated or effectively zero-rated sales. For zero-rated sales under Sections 106(A)(2)(a)(1), (2) and (b), and 108(B)(1) and (2), of the NIRC of 1997, as amended, the acceptable foreign currency exchange proceeds have been duly accounted for in accordance with BSP rules and regulations.

In its Amended Quarterly VAT Returns for the period covering April 1, 2017 to March 31, 2018, petitioner reported total sales of ₱36,785,576,550.64, which include vatable sales amounting to ₱2,660,376,823.43, zero-rated sales amounting to ₱33,665,195,868.50, and exempt sales amounting to ₱460,003,858.71, as shown below:

Type	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
	Exhibit "P-450-c"	Exhibits "P-29"[103] and "P-450-e"	Exhibits "P-35"[104] and "P-450-g"	Exhibit "P-450-k"	
Vatable Sales	₱ 482,892,177.20	₱ 530,575,094.07	₱ 1,098,117,625.79	₱ 548,791,926.37	₱ 2,660,376,823.43
Zero Rated Sales	7,595,583,535.40	8,016,662,548.70	9,057,437,267.87	8,995,512,516.53	33,665,195,868.50
Exempt Sales	99,800,626.19	106,274,290.52	138,792,991.18	115,135,950.82	460,003,858.71
Total	**₱8,178,276,338.79**	**₱8,653,511,933.29**	**₱10,294,347,884.84**	**₱9,659,440,393.72**	**₱36,785,576,550.64**

Petitioner alleged that its zero-rated sales were derived from its export sales of goods to Dole Asia Holdings Pte. Ltd.[105] ("**DAH**") and sales to export-oriented entities registered with the BOI, SBMA, PEZA, and CDC,[106] which were paid for in acceptable foreign currency and accounted for in accordance with the BSP rules and regulations, during the period April 1, 2017 to March 31, 2018, under Section 106(A)(2)(a)(1) and (5) of the NIRC of 1997, as amended, to wit:

[103] Docket – Vol. I, pp. 468 to 469.
[104] Docket – Vol. I, pp. 480 to 481.
[105] Petition for Review, Docket – Vol. I, pp. 12 to 13.
[106] Petition for Review, Docket – Vol. I, pp. 20 to 21.

Customer	BOI/SBMA/ CDC Registered	Amount
Century Pacific Agricultural Ventures, Inc.	BOI	₱ 40,744,193.57
General Tuna Corporation	BOI	2,920,155.24
General Tuna Corporation	BOI	115,280.00
Hi-Las Marketing Corporation	BOI	46,134.01
Philbest Canning Corporation	BOI	2,065,000.00
Amley Food Corporation	BOI	17,800.00
Gem Foods International, Inc.	SBMA	1,277,796.65
Millbrae Exports, Inc.	CDC	2,095,710.00
Millbrae Exports, Inc.	CDC	(4,040.00)[107]
Total Zero-rated Sales to Export Oriented Entities		₱ 49,278,029.47[108]
Dole Asia Holdings ("DAH") Pte. Ltd.	Non-Resident Foreign Corporation	33,615,800,744.79[109]
Total Zero-rated Sales		**₱33,665,078,744.26**
Total Zero-rated Sales per VAT Return		**₱33,665,195,868.50**
Difference		**(₱ 117,094.24)**

As can be gleaned from the table above, the total zero-rated sales accounted for is lower than the ₱33,665,195,868.50 zero-rated sales declared per amended Quarterly VAT return by ₱117,094.24. Ms. Sonia D. Segovia, the Court-commissioned ICPA, noted in her report that the difference of ₱117,094.24 between the total zero-rated sales in the Summary List of Sales ("**SLS**") [110] amounting to ₱33,665,195,868.50 and Schedule of Zero-Rated Sales of Goods [111] amounting to ₱33,665,078,774.26, pertains to Corrugated Sales which was declared in both regular VAT-subject sales and zero-rated sales in the SLS. [112] Thus, the zero-rated sales declared per VAT return were overstated.

Accordingly, only the total amount of ₱33,665,078,744.26 will be considered and be subjected to further scrutiny, while the ₱117,094.24 export sales will automatically be disallowed VAT zero-rating absent any document supporting the same.

The relevant provision in determining whether petitioner's sales are subject to VAT at zero percent (0%) is Section 106(A)(2)(a)(1) and (5) of the NIRC of 1997, as amended, as quoted hereunder for easy reference:

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[107] Exhibit "P-162-a"; Pertains to Sales Returns and Adjustment, hence, deducted.
[108] Petition for Review, Docket – Vol. I, pp. 20 to 21.
[109] Sub-Annex "C.4", BIR Records, p. 25.
[110] Exhibit "P-451-a"to "P-451-d".
[111] Exhibit "P-446".
[112] Page 12, Exhibit "P-77".

"SEC. 106. *Value-Added Tax on Sale of Goods or Properties.* —

(A) *Rate and Base of Tax.* — xxx

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

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

(1) The sale and actual shipment of goods from the Philippines to a foreign country, irrespective of any shipping arrangement that may be agreed upon which may influence or determine the transfer of ownership of the goods so exported and paid for in acceptable foreign currency or its equivalent in goods or services, and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);

...

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

Relative thereto, Section 4.106-5 of RR No. 16-2005,[113] as amended by RR No. 4-2007,[114] provides:

"SEC. 4.106-5. *Zero-Rated Sales of Goods or Properties.* — ...

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

(a) *Export Sales.* — 'Export Sales' shall mean:

(1) The sale and actual shipment of goods from the Philippines to a foreign country, irrespective of any shipping arrangement that may be agreed upon which may influence or determine the transfer of ownership of the goods so exported, paid for in acceptable foreign currency or its equivalent in goods and services, and accounted for in accordance with the rules and regulation of the Bangko Sentral ng Pilipinas (BSP);

... ...

[113] Consolidated Value-Added Tax Regulations of 2005, September 1, 2005.
[114] Amending Certain Provisions of Revenue Regulations No. 16-2005, As Amended, Otherwise Known as the Consolidated Value-Added Tax Regulations of 2005, February 7, 2007.

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

'***Considered export sales under Executive Order No. 226'*** shall mean the Philippine port F.O.B. value determined from invoices, bills of lading, inward letters of credit, landing certificates, and other commercial documents, of export products exported directly by a registered export producer, or the net selling price of export products sold by a registered export producer to another export producer, or to an export trader that subsequently exports the same; *Provided,* That sales of export products to another producer or to an export trader shall only be deemed export sales when actually exported by the latter, as evidenced by landing certificates or similar commercial documents; *Provided, further,* That pursuant to EO 226 and other special laws, even without actual exportation, the following shall be considered constructively exported: (1) sales to bonded manufacturing warehouses of export-oriented manufacturers; (2) sales to export processing zones pursuant to Republic Act (RA) Nos. 7916, as amended, 7903, 7922 and other similar export processing zones; (3) sale to enterprises duly registered and accredited with the Subic Bay Metropolitan Authority pursuant to RA 7227; (4) sales to registered export traders operating bonded trading warehouses supplying raw materials in the manufacture of export products under guidelines to be set by the Board in consultation with the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC); (5) sales to diplomatic missions and other agencies and/or instrumentalities granted tax immunities, of locally manufactured, assembled or repacked products whether paid for in foreign currency or not.

For purposes of zero-rating, the export sales of registered export traders shall include commission income. The exportation of goods on consignment shall not be deemed export sales until the export products consigned are in fact sold by the consignee: and *Provided, finally,* that sales of goods, properties or services made by a VAT-registered supplier to a BOI-registered manufacturer/producer whose products are 100% exported are considered export sales. A certification to this effect must be issued by the Board of Investment (BOI) which shall be good for one year unless subsequently re-issued by the BOI." *[Underscoring supplied]*

Moreover, petitioner must comply with the pertinent invoicing requirements, containing all the required information under Section 113(A) and (B) of the NIRC of 1997, as amended, to wit:

"SEC. 113. *Invoicing and Accounting Requirements for VAT-Registered Persons.* -

(A) *Invoicing Requirements.* - A VAT-registered person shall issue:

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

(2) A **VAT official receipt** for every lease of goods or properties, and for every sale, barter or exchange of services.

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

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

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

(a) The amount of the tax shall be shown as a separate item in the invoice or receipt;

(b) If the sale is exempt from value-added tax, the term 'VAT-exempt sale' shall be written or printed prominently on the invoice or receipt;

(c) If the sale is subject to zero percent (0%) value-added tax, the term **'zero-rated sale'** shall be written or printed prominently on the invoice or receipt;

(d) If the sale involves goods, properties or services some of which are subject to and some of which are VAT zero-rated or VAT-exempt, the invoice or receipt shall clearly indicate the breakdown of the sale price between its taxable, exempt and zero-rated components, and the calculation of the value-added tax on each portion of the sale shall be shown on the invoice or receipt: *Provided,* That the seller may issue separate invoices or receipts for the taxable, exempt, and zero-rated component of the sale.

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

(4) In the case of sales in the amount of One thousand pesos (₱1,000.00) or more where the sale or transfers is made to a VAT-registered person, the name, business style, if any, address and Taxpayer Identification Number (TIN) of the purchaser, customer, or client." [*Emphasis supplied.*]

The above provision on invoicing requirement is further implemented by Section 4.113-1(A) and (B) of RR No. 16-2005,[115] as amended, to wit:

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

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

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

(2) A VAT official receipt for every lease of goods or properties, and for every sale, barter or exchange of services.

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

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

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

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

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

(a) The amount of tax shall be shown as a separate item in the invoice or receipt;

(b) If the sale is exempt from VAT, the term "VAT-exempt sale" shall be written or printed prominently on the invoice or receipt;

[115] *Supra* at note 113.

> (c) If the sale is subject to zero percent (0%) VAT, the term "zero-rated sale" shall be written or printed prominently on the invoice or receipt;
>
> (d) If the sale involves goods, properties or services some of which are subject to and some of which are VAT zero-rated or VAT-exempt, the invoice or receipt shall clearly indicate the break-down of the sale price between its taxable, exempt and zero-rated components, and the calculation of the VAT on each portion of the sale shall be shown on the invoice or receipt. The seller has the option to issue separate invoices or receipts for the taxable, exempt, and zero-rated components of the sale.
>
> (3) In the case of sales in the amount of one thousand peso (₱1,000.00) or more where the sale or transfer is made to a VAT-registered person, the name, business style, if any, address and TIN of the purchaser, customer or client, shall be indicated in addition to the information required in (1) and (2) of this Section.

In addition to the above requirements, the sales invoices ("**SIs**") and official receipts ("**ORs**") must be duly registered with the BIR as prescribed under Section 237, in relation to Section 238 of the NIRC of 1997, as amended, to wit:

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

Thus, only the sales of goods or services supported by the SIs and ORs, having the required information, shall qualify for VAT zero-rating.

Export Sales of goods to DAH

Based on the foregoing, for petitioner's export sales of goods to qualify as zero-rated pursuant to Section 106(A)(2)(a)(1) of the NIRC of 1997, as amended, the following essential elements must be present:

1. The sale was made by a VAT-registered person;

2. There was a sale and actual shipment of goods from the Philippines to a foreign country; and

3. The sale was paid for in acceptable foreign currency accounted for in accordance with the rules and regulations of the BSP.

Corollary thereto, We have consistently ruled that any VAT-registered person claiming for VAT zero-rating on its export sale of goods must present to the Court at least three (3) types of documents, as follows:

1. The **sales invoice** as proof of sale of goods;

2. The **export declaration** and **bill of lading** or **airway bill** as proof of actual shipment of goods from the Philippines to a foreign country; and

3. The **bank credit advice, certificate of bank remittance,** or **any other document** proving payment for the goods in acceptable foreign currency or its equivalent in goods and services.[116]

Consequently, only export sales supported by the above-stated documents shall qualify for VAT zero-rating under Section 106(A)(2)(a)(1) of the NIRC of 1997, as amended.

Anent the *first* element, as discussed earlier, petitioner was able to prove that it is a VAT-registered person.

As to the *second* and *third* elements, petitioner adduced before this Court, in support of its zero-rated sales, its sales invoices, [117] bills of lading and/or airways bills, [118] export

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[116] *Commissioner of Internal Revenue v. Port Barton Development Corp.*, C.T.A. EB Case No. 1743 (CTA Case No. 8490), January 21, 2019; *Oceanagold (Philippines). Inc. v. Commissioner of Internal Revenue*, CTA *EB* Case No. 2358 (CTA Case No. 9112) (Resolution), June 21, 2022.
[117] Exhibits "P-172-a" to "P-431-a".
[118] Exhibits "P-442-a" to "P-442-bcc".

declarations,[119] bank statements,[120] and summary of inward remittances[121] which the ICPA examined.

Petitioner claims that it sold its products to Dole Asia Holdings ("**DAH**") Pte. Ltd. in the total amount of ₱33,615,800,744.79[122] under the following Intercompany Sales Agreement:

1. Packaged Foods Intercompany Sales Agreement [123] between DAH Pte. Ltd. and Dole Philippines, Inc.; and

2. Intercompany Sales Agreement [124] between DAH Pte. Ltd. and Dole Philippines, Inc. – Stanfilco Division.

However, based on respondent's computation of input VAT allocation to zero-rated sales,[125] the total export sales to DAH amounting to ₱33,615,800,744.79 was adjusted to ₱28,806,756,419.64, computed as follows:

		Amount
Export Sales to DAH		₱ 33,615,800,744.79[126]
Less: Adjustments		
VCAD Adjustment		
Unremitted export sales (see Schedule 6 of VCAD Working Paper - Export Sales and Dollar Remittances page 613 (23,814.26 @ 50.80)	₱ 1,209,764.41[127]	
TARD Adjustments		
Direct Export Sales which were invalidated by reasons enumerated in Sub-Annex C.1 - DOLEFIL	4,494,586,935.85[128]	
Direct Export Sales which were invalidated by reasons enumerated in Sub-Annex C.2 - Stanfilco	188,348,718.03[129]	
Direct Export Sales which were invalidated by reasons enumerated in Sub-Annex C.3 - Dolefil Copperwires and Corrugated Boxes	77,587,326.60[130]	

[119] Exhibits "P-441-a" to "P-441-auk".
[120] Exhibits "P-438-a" to "P-438-ad".
[121] Exhibits "P-439-a" to "P-439-aa".
[122] Sub-Annex "C.4", BIR Records, p. 25.
[123] Exhibit "P-13", Docket – Vol. I, pp. 408 to 414.
[124] Exhibit "P-13-A", Docket – Vol. I, pp. 415 to 423.
[125] Annex "C" of Exhibit "R-3", BIR Records, pp. 47 & 56.
[126] Sub-Annex "C.4", BIR Records, p. 25.
[127] Table V-2, Exhibit "P-77", p. 32.
[128] Table V-3, Exhibit "P-77", pp. 32 to 95.
[129] Table V-4, Exhibit "P-77", pp. 95 to 101.
[130] Table V-5, Exhibit "P-77", p. 101.

Insufficient Remittance of Zero-Rated Sales	47,311,580.26[131]	
Total Adjustments		4,809,044,325.15
Adjusted Export Sales to DAH		**₱ 28,806,756,419.64**

To summarize, respondent disallowed petitioner's export sales to DAH in the total amount of ₱4,809,044,325.15 based on the following grounds:

No.	Disallowances	Amount
1	Unremitted export sale (see Schedule 6 of VCAD Working Paper - Export Sales and Dollar Remittances page 613 (23,814.26 @ 50.80)	₱ 1,209,764.41
2	Direct Export Sales which were not properly substantiated (Sub-Annexes C.1 to C.4)	4,807,834,560.74
	Total disallowances	**₱ 4,809,044,325.15**

Upon further scrutiny of the pieces of evidence presented, We find that the disallowances made by respondent are partly tenable, as follows:

1. The disallowance of unremitted export sales in the total amount of ₱1,209,764.41 is proper. Although petitioner offered SI no. 291024[132] evidencing the sale of goods to Beijing Weian Trading Co. Ltd., it failed to show proof of actual shipment. A perusal of the alleged bill of lading[133] and SI no. 291024 indicates that the invoice has incomplete details (such as the date of shipment, vessel name, and voyage number); thus, the Court cannot ascertain if the bill of lading corresponds to the shipment of goods in the said invoice. Since there was no proof of actual shipment, discussing the proof of its inward remittance is futile. Moreover, it can be noted that this was also included in the disallowances under "insufficient remittance to zero-rated sales," amounting to ₱47,311,580.26.[134] Hence, the disallowances due to insufficient remittance to zero-rated sales should be reduced by ₱1,209,764.41; and

2. Upon further verification of the documents submitted before the Court, We find that instead of the total export sales amounting to ₱4,807,834,560.74, only the total amount of ₱2,232,314,333.05 should be disallowed for being not adequately substantiated, as itemized below:

[131] Table V-6, Exhibit "P-77", p. 101.
[132] Exhibit "P-172-a".
[133] Exhibit "P-442-a".
[134] Table V-6, Exhibit "P-77", p. 101.

1. Export sales supported by a blurred bill of Lading ("BL")

Date	Invoice		BL/Airway Bill	Proof of Inward Remittance		Amount
	Exhibit	Invoice No.	Exhibit	Exhibit	Page No.	
04/08/2017	"P-173-a"	90546	"P-442-b"	"P-439-a"	2	₱ 15,978.49
04/19/2017	"P-174-a"	90795	"P-442-c"	"P-439-b"	1	15,978.49
04/22/2017	"P-174-b"	90796	"P-442-d"	"P-439-b"	1	15,978.49
11/15/2017	"P-177-a"	95002	"P-442-t"	"P-439-i"	3	16,656.16
01/10/2018	"P-186-a"	96004	"P-442-ai"	"P-439-j"	13	16,656.16
06/21/2017	"P-193-a"	92124	"P-442-bc"	"P-439-d"	6	18,346.64
06/24/2017	"P-193-b"	92144	"P-442-bd"	"P-439-d"	6	16,490.81
06/28/2017	"P-193-c"	92261	"P-442-be"	"P-439-d"	8	16,490.81
12/07/2017	"P-210-g"	95400	"P-442-ew"	"P-439-i"	12	287,278.73
12/07/2017	"P-210-h"	95401	"P-442-ex"	"P-439-i"	12	294,040.66
12/07/2017	"P-210-i"	95404	"P-442-ey"	"P-439-i"	12	316,838.88
12/07/2017	"P-210-j"	95406	"P-442-ez"	"P-439-i"	12	907,095.30
12/07/2017	"P-210-k"	95408	"P-442-fa"	"P-439-i"	12	835,177.69
12/07/2017	"P-212-a"	95405	"P-442-fg"	"P-439-i"	12	793,412.34
12/07/2017	"P-212-b"	95407	"P-442-fh"	"P-439-i"	12	541,840.41
12/07/2017	"P-212-c"	95410	"P-442-fi"	"P-439-i"	12	2,039,695.63
12/07/2017	"P-213-a"	95409	"P-442-fj"	"P-439-i"	12	3,003,302.12
12/31/2017	"P-238-p"	95861	"P-442-lu"	"P-439-j"	10	334,486.41
06/22/2017	"P-279-c"	92234	"P-442-aaz"	"P-439-d"	8	1,290,685.95
09/06/2017	"P-292-b"	93677	"P-442-ada"	"P-439-f"	11	263,428.31
12/21/2017	"P-319-d"	95718	"P-442-afi"	"P-439-j"	6	1,843,184.94
01/05/2018	"P-319-h"	95938	"P-442-afm"	"P-439-j"	12	2,772,806.34
12/21/2017	"P-320-a"	95715	"P-442-aft"	"P-439-j"	5	4,382,300.89
01/05/2018	"P-323-a"	95939	"P-442-agf"	"P-439-j"	12	5,682,620.99
06/20/2017	"P-332-l"	92117	"P-442-akk"	"P-439-d"	6	422,043.06
06/30/2017	"P-332-o"	92278	"P-442-akn"	"P-439-d"	9	394,107.48
07/04/2017	"P-332-v"	92406	"P-442-aku"	"P-439-d"	12	5,044,028.55
07/04/2017	"P-332-w"	92407	"P-442-akv"	"P-439-d"	12	302,184.53
01/25/2018	"P-340-y"	96320	"P-442-aot"	"P-439-k"	3	1,390,048.17
02/16/2018	"P-343-k"	96713	"P-442-aro"	"P-439-k"	11	1,319,581.30
03/15/2018	"P-345-g"	97291	"P-442-asl"	"P-439-l"	8	7,668,876.53
05/27/2017	"P-367-a"	91542	"P-442-avr"	"P-439-c"	6	16,178.60
06/07/2017	"P-367-b"	91848	"P-442-avs"	"P-439-c"	13	18,489.82
03/22/2018	"P-380-c"	97527	"P-442-awr"	"P-439-m"	2	4,223,943.33
03/23/2018	"P-380-e"	97535	"P-442-awt"	"P-439-m"	2	266,044.77
03/28/2018	"P-422-a"	86504	"P-442-bbi"	"P-439-aa"	11	443,433.73
Subtotal						**₱ 47,229,731.48**

2. Export sales supported by a bill of lading with mismatched BL number indicated in the sales invoice / without BL number indicated in the sales invoice

Date	Invoice		BL/Airway Bill	Proof of Inward Remittance		Amount
	Exhibit	Invoice No.	Exhibit	Exhibit	Page No.	
10/11/2017	"P-174-c"	94364	"P-442-e"	"P-439-h"	2	₱ 16,656.16
10/14/2017	"P-174-d"	94378	"P-442-f"	"P-439-h"	2	16,656.16
10/18/2017	"P-174-e"	94457	"P-442-g"	"P-439-h"	10	16,656.16

10/21/2017	"P-174-f"	94480	"P-442-h"	"P-439-h"	10	16,656.16
10/25/2017	"P-174-g"	94617	"P-442-i"	"P-439-h"	12	16,656.16
10/28/2017	"P-174-h"	94627	"P-442-j"	"P-439-h"	12	16,656.16
11/01/2017	"P-174-i"	94684	"P-442-k"	"P-439-h"	14	16,656.16
11/03/2017	"P-174-j"	94687	"P-442-l"	"P-439-h"	14	16,656.16
11/08/2017	"P-176-a"	94870	"P-442-m"	"P-439-h"	9	16,656.16
11/10/2017	"P-176-b"	94887	"P-442-n"	"P-439-h"	9	16,656.16
11/17/2017	"P-176-c"	95017	"P-442-o"	"P-439-i"	3	16,656.16
11/22/2017	"P-176-d"	95118	"P-442-p"	"P-439-i"	6	16,656.16
11/24/2017	"P-176-e"	95119	"P-442-q"	"P-439-i"	6	16,656.16
11/29/2017	"P-176-f"	95239	"P-442-r"	"P-439-i"	8	16,656.16
12/01/2017	"P-176-g"	95240	"P-442-s"	"P-439-i"	8	16,656.16
11/10/2017	"P-178-a"	94882	"P-442-u"	"P-439-h"	9	707,694.93
11/29/2017	"P-181-a"	95235	"P-442-x"	"P-439-i"	8	13,390,060.90
04/03/2017	"P-183-a"	90491	"P-442-z"	"P-439-a"	1	13,238.86
04/10/2017	"P-183-b"	90492	"P-442-aa"	"P-439-a"	1	16,164.57
10/04/2017	"P-183-c"	90501	"P-442-ab"	"P-439-a"	1	16,018.29
10/04/2017	"P-184-a"	90493	"P-442-ac"	"P-439-a"	1	17,993.14
10/04/2017	"P-184-b"	90499	"P-442-ad"	"P-439-a"	1	16,018.29
10/04/2017	"P-184-c"	90500	"P-442-ae"	"P-439-a"	1	16,018.29
10/04/2017	"P-184-d"	90502	"P-442-af"	"P-439-a"	1	16,091.43
09/04/2017	"P-185-a"	90722	"P-442-ag"	"P-439-b"	2	683,417.23
09/04/2017	"P-185-b"	90723	"P-442-ah"	"P-439-b"	2	762,587.46
01/12/2018	"P-186-b"	96005	"P-442-aj"	"P-439-j"	13	14,276.71
01/24/2018	"P-186-c"	96263	"P-442-ak"	"P-439-k"	1	16,656.16
05/04/2017	"P-187-c"	91080	"P-442-an"	"P-439-b"	10	1,264,115.36
05/11/2017	"P-187-f"	91225	"P-442-aq"	"P-439-b"	14	1,892,877.26
05/11/2017	"P-187-g"	91239	"P-442-ar"	"P-439-b"	14	215,674.79
04/30/2017	"P-188-c"	91049	"P-442-au"	"P-439-b"	9	2,990,358.74
04/30/2017	"P-188-d"	91050	"P-442-av"	"P-439-b"	9	1,100,169.79
04/30/2017	"P-188-e"	91051	"P-442-aw"	"P-439-b"	9	1,100,583.38
05/05/2017	"P-189-a"	91084	"P-442-ay"	"P-439-b"	10	258,680.90
04/27/2017	"P-190-a"	90934	"P-442-az"	"P-439-b"	7	2,205,722.18
05/11/2017	"P-191-a"	91240	"P-442-ba"	"P-439-b"	14	1,235,035.01
05/11/2017	"P-191-b"	91241	"P-442-bb"	"P-439-b"	14	828,208.37
07/08/2017	"P-193-d"	92424	"P-442-bf"	"P-439-d"	12	16,490.81
07/12/2017	"P-193-e"	92531	"P-442-bg"	"P-439-d"	15	11,779.15
07/15/2017	"P-193-f"	92536	"P-442-bh"	"P-439-d"	15	11,779.15
07/19/2017	"P-193-g"	92696	"P-442-bi"	"P-439-e"	4	11,779.15
08/09/2017	"P-193-h"	93126	"P-442-bj"	"P-439-e"	13	11,779.15
08/12/2017	"P-193-i"	93127	"P-442-bk"	"P-439-e"	13	14,134.98
09/13/2017	"P-193-j"	93806	"P-442-bl"	"P-439-g"	3	14,276.71
09/16/2017	"P-193-k"	93826	"P-442-bm"	"P-439-g"	3	16,656.16
09/20/2017	"P-193-l"	93947	"P-442-bn"	"P-439-g"	4	14,276.71
09/23/2017	"P-193-m"	93967	"P-442-bo"	"P-439-g"	4	16,656.16
09/27/2017	"P-193-n"	94158	"P-442-bp"	"P-439-g"	8	14,276.71
09/30/2017	"P-193-o"	94159	"P-442-bq"	"P-439-g"	8	16,656.16
10/04/2017	"P-193-p"	94184	"P-442-br"	"P-439-g"	9	16,656.16
10/07/2017	"P-193-q"	94185	"P-442-bs"	"P-439-g"	9	16,656.16
06/12/2017	"P-195-b"	91975	"P-442-bu"	"P-439-d"	2	326,516.88
07/22/2017	"P-196-a"	92802	"P-442-bw"	"P-439-e"	6	350,334.65
04/19/2017	"P-214-l"	90834	"P-442-fv"	"P-439-b"	4	1,437,993.86
04/13/2017	"P-218-b"	90740	"P-442-gj"	"P-439-b"	3	467,760.45
01/30/2018	"P-225-f"	96390	"P-442-gs"	"P-439-k"	5	4,890,009.24
02/14/2018	"P-225-k"	96616	"P-442-gx"	"P-439-k"	9	2,512,212.61
12/10/2017	"P-227-a"	95499	"P-442-hg"	"P-439-j"	1	529,896.17

01/30/2018	"P-227-b"	96391	"P-442-hh"	"P-439-k"	5	321,149.20
02/06/2018	"P-227-c"	96510	"P-442-hi"	"P-439-k"	7	6,965,812.03
12/06/2017	"P-229-a"	95370	"P-442-hj"	"P-439-i"	11	16,656.16
12/08/2017	"P-229-b"	95371	"P-442-hk"	"P-439-i"	11	16,656.16
12/13/2017	"P-229-c"	95521	"P-442-hl"	"P-439-j"	1	16,656.16
12/15/2017	"P-229-d"	95522	"P-442-hm"	"P-439-j"	2	16,656.16
12/20/2017	"P-229-e"	95648	"P-442-hn"	"P-439-j"	4	16,656.16
12/22/2017	"P-229-f"	95649	"P-442-ho"	"P-439-j"	4	14,276.71
12/27/2017	"P-229-g"	95786	"P-442-hp"	"P-439-j"	7	16,656.16
12/29/2017	"P-229-h"	95787	"P-442-hq"	"P-439-j"	7	14,276.71
03/02/2018	"P-229-i"	96903	"P-442-hr"	"P-439-l"	2	14,479.26
03/14/2018	"P-229-j"	97231	"P-442-hs"	"P-439-l"	7	14,479.26
03/16/2018	"P-229-k"	97232	"P-442-ht"	"P-439-l"	7	14,479.26
03/21/2018	"P-229-l"	97444	"P-442-hu"	"P-439-l"	11	14,479.26
03/23/2018	"P-229-m"	97445	"P-442-hv"	"P-439-l"	11	14,479.26
01/16/2018	"P-247-h"	96135	"P-442-bby"	"P-439-j"	15	2,147,831.09
01/17/2018	"P-247-i"	96139	"P-442-bbz"	"P-439-j"	15	2,249,158.88
01/17/2018	"P-247-j"	96140	"P-442-bca"	"P-439-j"	16	1,639,144.27
05/03/2017	"P-255-g"	91131	"P-442-vx"	"P-439-b"	11	674,059.62
04/19/2017	"P-265-a"	90959	"P-442-ym"	"P-439-b"	7	332.24
07/26/2017	"P-272-a"	92869	"P-442-zm"	"P-439-e"	9	742,845.60
04/03/2017	"P-273-a"	90482	"P-442-zn"	"P-439-a"	1	16,018.29
04/03/2017	"P-273-b"	90483	"P-442-zo"	"P-439-a"	1	16,018.29
04/03/2017	"P-273-c"	90484	"P-442-zp"	"P-439-a"	1	16,018.29
04/03/2017	"P-273-d"	90485	"P-442-zq"	"P-439-a"	1	16,018.29
04/03/2017	"P-273-e"	90486	"P-442-zr"	"P-439-a"	1	16,018.29
04/03/2017	"P-273-f"	90487	"P-442-zs"	"P-439-a"	1	16,018.29
04/03/2017	"P-273-g"	90488	"P-442-zt"	"P-439-a"	1	16,237.71
04/03/2017	"P-273-h"	90489	"P-442-zu"	"P-439-a"	1	16,237.71
04/03/2017	"P-273-i"	90490	"P-442-zv"	"P-439-a"	1	16,237.71
04/10/2017	"P-273-j"	90495	"P-442-zw"	"P-439-a"	1	16,091.43
04/03/2017	"P-274-a"	90573	"P-442-zy"	"P-439-a"	3	541,158.32
06/10/2017	"P-277-a"	91956	"P-442-aaq"	"P-439-d"	1	1,138,888.71
04/21/2017	"P-279-a"	90960	"P-442-aax"	"P-439-b"	8	359.18
07/14/2017	"P-279-h"	92661	"P-442-abe"	"P-439-e"	3	3,201.40
04/03/2017	"P-280-a"	90574	"P-442-abf"	"P-439-a"	3	741,128.93
04/03/2017	"P-280-b"	90575	"P-442-abg"	"P-439-a"	3	744,932.35
04/13/2017	"P-290-a"	90686	"P-442-acd"	"P-439-b"	2	45,414.26
04/13/2017	"P-290-b"	90687	"P-442-ace"	"P-439-b"	2	238,419.69
04/13/2017	"P-290-c"	90688	"P-442-acf"	"P-439-b"	2	1,621,352.83
04/13/2017	"P-290-d"	90689	"P-442-acg"	"P-439-b"	2	1,635,726.11
04/09/2017	"P-291-c"	90662	"P-442-acp"	"P-439-a"	5	6,698,066.62
05/16/2017	"P-294-a"	91364	"P-442-adc"	"P-439-c"	3	3,592,935.40
07/20/2017	"P-294-b"	92702	"P-442-add"	"P-439-e"	4	655,969.33
04/13/2017	"P-295-a"	90679	"P-442-ade"	"P-439-a"	5	1,555,325.59
07/22/2017	"P-296-a"	92707	"P-442-adg"	"P-439-e"	4	11,779.15
07/26/2017	"P-296-b"	92826	"P-442-adh"	"P-439-e"	8	11,779.15
07/29/2017	"P-296-c"	92839	"P-442-adi"	"P-439-e"	8	11,779.15
08/02/2017	"P-296-d"	92978	"P-442-adj"	"P-439-e"	10	11,779.15
08/05/2017	"P-296-e"	92990	"P-442-adk"	"P-439-e"	10	11,779.15

06/05/2017	"P-339-a"	91836	"P-442-ann"	"P-439-c"	13	9,110,464.41
06/30/2017	"P-354-a"	92280	"P-442-aua"	"P-439-d"	9	325,651.63
05/17/2017	"P-360-a"	91426	"P-442-auh"	"P-439-c"	4	330.75
03/03/2018	"P-363-a"	96995	"P-442-avd"	"P-439-l"	3	2,680,250.86
01/26/2018	"P-367-c"	96267	"P-442-avt"	"P-439-k"	1	14,276.71
08/16/2017	"P-388-a"	93271	"P-442-ayl"	"P-439-f"	2	11,897.26
08/19/2017	"P-388-b"	93294	"P-442-aym"	"P-439-f"	2	14,276.71
08/23/2017	"P-388-c"	93439	"P-442-ayn"	"P-439-f"	5	14,276.71
08/26/2017	"P-388-d"	93462	"P-442-ayo"	"P-439-f"	6	16,656.16
08/30/2017	"P-388-e"	93643	"P-442-ayp"	"P-439-f"	10	14,276.71
09/02/2017	"P-388-f"	93655	"P-442-ayq"	"P-439-f"	10	16,656.16
09/06/2017	"P-388-g"	93678	"P-442-ayr"	"P-439-f"	11	14,276.71
02/28/2018	"P-391-a"	96902	"P-442-ays"	"P-439-l"	2	14,479.26
03/07/2018	"P-391-b"	97048	"P-442-ayt"	"P-439-l"	4	14,479.26
03/09/2018	"P-391-c"	97049	"P-442-ayu"	"P-439-l"	4	14,479.26
05/08/2017	"P-396-a"	82970	"P-442-ayx"	"P-439-p"	8	2,213,807.83
05/09/2017	"P-396-b"	82968	"P-442-ayy"	"P-439-p"	8	1,573,056.25
04/17/2017	"P-398-a"	82714	"P-442-azd"	"P-439-p"	2	1,295,913.12
05/02/2017	"P-398-b"	82892	"P-442-aze"	"P-439-p"	6	2,518,100.33
12/18/2017	"P-399-a"	85435	"P-442-azf"	"P-439-x"	4	45,910.50
12/18/2017	"P-399-b"	85436	"P-442-azg"	"P-439-x"	4	189,043.25
05/16/2017	"P-400-a"	83053	"P-442-azh"	"P-439-q"	2	6,286,014.07
06/02/2017	"P-400-b"	83252	"P-442-azi"	"P-439-q"	6	1,496,068.69
06/15/2017	"P-400-c"	83412	"P-442-azj"	"P-439-r"	3	5,383,441.32
02/24/2018	"P-400-d"	86154	"P-442-azk"	"P-439-z"	5	1,234,752.00
03/22/2018	"P-400-f"	86431	"P-442-azm"	"P-439-aa"	9	1,694,576.78
10/17/2017	"P-406-a"	84751	"P-442-azr"	"P-439-v"	2	1,010,417.92
02/12/2018	"P-406-b"	86020	"P-442-azs"	"P-439-y"	10	658,376.64
03/21/2018	"P-406-c"	86413	"P-442-azt"	"P-439-aa"	8	1,081,227.90
04/25/2017	"P-409-a"	82822	"P-442-azu"	"P-439-p"	4	361,247.04
05/16/2017	"P-409-b"	83048	"P-442-azv"	"P-439-q"	2	2,453.91
05/16/2017	"P-409-c"	83048	"P-442-azw"	"P-439-q"	2	29,407.07
04/24/2017	"P-411-a"	82810	"P-442-bab"	"P-439-p"	4	78,525.04
04/24/2017	"P-411-b"	82811	"P-442-bac"	"P-439-p"	4	240,831.36
07/11/2017	"P-411-h"	83686	"P-442-bai"	"P-439-s"	3	263,457.25
08/02/2017	"P-411-k"	83918	"P-442-bal"	"P-439-s"	11	178,588.14
11/23/2017	"P-411-n"	85181	"P-442-bao"	"P-439-w"	7	537,765.18
12/07/2017	"P-411-o"	85333	"P-442-bap"	"P-439-w"	12	226,851.90
03/26/2018	"P-411-s"	86491	"P-442-bat"	"P-439-aa"	10	11,221.59
03/26/2018	"P-411-t"	86491	"P-442-bau"	"P-439-aa"	10	21,641.64
03/26/2018	"P-411-u"	86491	"P-442-bav"	"P-439-aa"	10	351,877.11
04/12/2017	"P-412-a"	82669	"P-442-baw"	"P-439-p"	1	289,797.60
08/10/2017	"P-412-b"	84014	"P-442-bax"	"P-439-t"	1	31,749.23
11/22/2017	"P-412-d"	85172	"P-442-baz"	"P-439-w"	7	369,034.44

12/06/2017	"P-412-e"	85326	"P-442-bba"	"P-439-w"	11	462,125.14
01/09/2018	"P-415-a"	85671	"P-442-bbc"	"P-439-x"	11	665,188.16
07/14/2017	"P-416-a"	83725	"P-442-bbd"	"P-439-s"	4	152,396.29
02/13/2018	"P-419-a"	86038	"P-442-bbh"	"P-439-y"	12	430,032.02
09/07/2017	"P-429-a"	84323	"P-442-bbp"	"P-439-t"	12	554,492.57
Subtotal						**₱ 118,336,107.81**

3. *Export sales supported by a bill of lading without the date of shipment*

Date	Invoice		BL/Airway Bill	Proof of Inward Remittance		Amount
	Exhibit	Invoice No.	Exhibit	Exhibit	Page No.	
07/02/2017	"P-325-i"	92398	"P-442-agp"	"P-439-d"	11	₱ 1,287,802.80
Subtotal						**₱ 1,287,802.80**

4. *Export sales not supported by a bill of lading and/or proof of inward remittance*

Date	Invoice		BL/Airway Bill	Proof of Inward Remittance		Amount
	Exhibit	Invoice No.	Exhibit	Exhibit	Page No.	
04/01/2017	"P-175-a"	90365	-	"P-439-a"	1	₱ 13,695.85
04/12/2017	"P-175-b"	90672	-	"P-439-a"	5	13,695.85
04/15/2017	"P-175-c"	90698	-	"P-439-b"	2	15,978.49
05/11/2017	"P-192-a"	91237	-	"P-439-b"	14	343,744.65
05/24/2017	"P-194-a"	91517	-	"P-439-c"	6	16,178.60
06/15/2017	"P-199-a"	91982	-	"P-439-d "	3	1,778,109.76
08/23/2017	"P-220-a"	93486	-	"P-439-f"	7	1,363,023.76
02/02/2018	"P-228-a"	96399	-	"P-439-k"	5	14,276.71
01/31/2018	"P-230-a"	96398	-	"P-439-k"	5	16,656.16
02/07/2018	"P-230-b"	96517	-	"P-439-k"	8	16,656.16
02/09/2018	"P-230-c"	96518	-	"P-439-k"	8	14,276.71
02/14/2018	"P-230-d"	96619	-	"P-439-k"	9	16,656.16
02/16/2018	"P-230-e"	96620	-	"P-439-k"	9	14,276.71
02/23/2018	"P-230-f"	96755	-	"P-439-k"	11	14,276.71
05/06/2017	"P-281-a"	91193	-	"P-439-b"	13	570,296.75
05/09/2017	"P-281-b"	91264	-	"P-439-b"	14	570,296.75
05/09/2017	"P-281-c"	91265	-	"P-439-b"	14	359.18
05/24/2017	"P-281-d"	91572	-	"P-439-c"	7	445,766.11
06/05/2017	"P-281-e"	91959	-	"P-439-d"	1	688.32
07/03/2017	"P-281-f"	92430	-	"P-439-d"	12	754,586.62
08/11/2017	"P-281-g"	93296	-	"P-439-f"	2	368.52
08/16/2017	"P-281-h"	93366	-	"P-439-f"	4	340.88
12/08/2017	"P-281-i"	95417	-	"P-439-i"	12	362.52
02/03/2018	"P-281-j"	96471	-	"P-439-k"	7	111,882.40
03/20/2018	"P-281-k"	97474	-	"P-439-l"	12	4,377.59
03/20/2018	"P-281-l"	97475	-	"P-439-l"	12	4,153.50
03/12/2018	"P-288-a"	97274	-	-	-	710,951.47
03/12/2018	"P-288-b"	97276	-	-	-	642,390.11
01/11/2018	"P-316-a"	96043	-	"P-439-j"	14	636,182.04
03/23/2018	"P-334-d"	97506	-	"P-439-m"	2	10,198,161.08
05/28/2017	"P-368-a"	91656	-	"P-439-c"	9	343,701.98
05/31/2017	"P-368-b"	91663	-	"P-439-c"	9	16,178.60
06/01/2017	"P-368-c"	91680	-	"P-439-c"	9	828,105.56
06/03/2017	"P-368-d"	91695	-	"P-439-c"	10	16,178.60
06/06/2017	"P-368-e"	91840	-	"P-439-c"	13	343,701.98

06/10/2017	"P-368-f"	91867	-	"P-439-c"	14	18,489.82
06/14/2017	"P-368-g"	91980	-	"P-439-d"	3	18,489.82
06/17/2017	"P-368-h"	91983	-	"P-439-d"	3	18,489.82
06/29/2017	"P-368-i"	92267	-	"P-439-d"	9	844,086.11
07/01/2017	"P-368-j"	92282	-	"P-439-d"	9	16,490.81
07/05/2017	"P-368-k"	92409	-	"P-439-d"	12	16,490.81
06/16/2017	"P-368-l"	92512	-	"P-439-d"	14	63,951.78
07/15/2017	"P-369-a"	92662	-	"P-439-e"	3	585,585.67
03/12/2018	"P-375-a"	97275	-	-	-	644,029.62
03/28/2018	"P-386-a"	97561	-	"P-439-m"	3	13,887.64
03/30/2018	"P-386-b"	97562	-	"P-439-m"	3	13,887.64
09/08/2017	"P-389-a"	93679	-	"P-439-f"	11	16,656.16
04/26/2017	"P-390-a"	90933	-	"P-439-b"	7	16,180.61
05/03/2017	"P-390-b"	91064	-	"P-439-b"	9	16,180.61
05/06/2017	"P-390-c"	91087	-	"P-439-b"	10	16,180.61
05/10/2017	"P-390-d"	91224	-	"P-439-b"	14	16,180.61
05/13/2017	"P-390-e"	91242	-	"P-439-b"	14	16,180.61
05/17/2017	"P-390-f"	91365	-	"P-439-c"	3	16,180.61
05/20/2017	"P-390-g"	91378	-	"P-439-c"	3	16,180.61
01/17/2018	"P-394-a"	96146	-	"P-439-j"	16	273,548.59
01/17/2018	"P-394-b"	96167	-	"P-439-j"	7	335.88
10/04/2016	"P-401-a"	80605	-	-	-	806,944.24
11/15/2017	"P-407-a"	85064	-	"P-439-w"	2	851,926.40
06/12/2017	"P-408-a"	83363	-	-	-	18,187.74
03/24/2018	"P-420-a"	-	-	-	-	71,288,825.75
03/12/2018	"P-282-a"	97268	"P-442-abq"	-	-	881,208.35
03/12/2018	"P-282-b"	97270	"P-442-abr"	-	-	890,426.30
03/12/2018	"P-282-c"	97271	"P-442-abs"	-	-	652,135.45
03/12/2018	"P-283-a"	97256	"P-442-abt"	-	-	766,588.52
03/12/2018	"P-283-b"	97258	"P-442-abu"	-	-	766,588.52
03/12/2018	"P-283-c"	97259	"P-442-abv"	-	-	766,588.52
03/12/2018	"P-284-a"	97273	"P-442-abw"	-	-	759,219.58
03/12/2018	"P-285-a"	97261	"P-442-abx"	-	-	1,361,137.85
03/12/2018	"P-285-b"	97262	"P-442-aby"	-	-	1,125,080.62
03/12/2018	"P-286-a"	97264	"P-442-abz"	-	-	745,415.59
03/12/2018	"P-287-a"	97265	"P-442-aca"	-	-	745,415.59
03/12/2018	"P-287-b"	97267	"P-442-acb"	-	-	608,834.86
04/16/2017	"P-290-e"	90780	"P-442-ach"	-	-	644,956.65
02/16/2018	"P-297-a"	96723	"P-442-adl"	-	-	9,936,424.88
03/12/2018	"P-370-a"	97257	"P-442-avu"	-	-	766,588.52
03/12/2018	"P-371-a"	97272	"P-442-avv"	-	-	759,219.58
03/12/2018	"P-372-a"	97263	"P-442-avw"	-	-	1,436,935.25
03/12/2018	"P-373-a"	97260	"P-442-avx"	-	-	5,720,047.57
03/12/2018	"P-374-a"	97266	"P-442-avy"	-	-	745,415.59
03/12/2018	"P-374-b"	97269	"P-442-avz"	-	-	798,997.26
12/13/2017	"P-403-a"	85406	"P-442-azo"	-	-	280,679.03
07/14/2017	"P-411-j"	83719	"P-442-bak"	-	-	22,054.18
Subtotal						**₱ 126,654,059.57**
5. ***Export sales supported by blurred sales invoices/sales invoices with incomplete or missing page(s)***						

Date	Invoice		BL/Airway Bill	Proof of Inward Remittance		Amount
	Exhibit	Invoice No.	Exhibit	Exhibit	Page No.	
05/05/2017	"P-187-d"	91085	"P-442-ao"	"P-439-b"	10	₱ 414,104.18
12/26/2017	"P-214-r"	95788	"P-442-gb"	"P-439-j"	7	1,815,073.58
12/26/2017	"P-214-t"	95790	"P-442-gd"	"P-439-j"	7	154,945.31
02/14/2018	"P-225-l"	96618	"P-442-gy"	"P-439-k"	9	1,601,244.98
12/27/2017	"P-248-y"	95793	"P-442-pw"	"P-439-j"	7	1,211,703.26
08/10/2017	"P-250-c"	93176	"P-442-sl"	"P-439-e"	13	1,878,391.53
12/27/2017	"P-250-e"	95791	"P-442-sn"	"P-439-j"	7	9,067,819.11
12/27/2017	"P-250-f"	95792	"P-442-so"	"P-439-j"	7	20,358,038.96
04/13/2017	"P-255-b"	90756	"P-442-vs"	"P-439-b"	3	2,099,072.58
12/27/2017	"P-256-a"	95794	"P-442-xy"	"P-439-j"	7	740,759.90
12/27/2017	"P-256-b"	95795	"P-442-xz"	"P-439-j"	7	740,759.90
12/27/2017	"P-274-d"	95796	"P-442-aab"	"P-439-j"	7	435,741.12
02/16/2018	"P-301-a"	96716	"P-442-adx"	"P-439-k"	11	2,759,795.51
12/20/2017	"P-321-b"	95674	"P-442-aga"	"P-439-j"	5	29,727,076.22
03/30/2018	"P-325-as"	97594	"P-442-ahz"	"P-439-m"	4	3,012,231.46
03/3/2018	"P-340-au"	97008	"P-442-app"	"P-439-l"	3	670,427.51
03/30/2018	"P-346-k"	97604	"P-442-asw"	"P-439-m"	4	24,091,660.49
03/9/2018	"P-351-g"	97166	"P-442-atp"	"P-439-l"	6	1,320,780.66
03/3/2018	"P-362-o"	97007	"P-442-ava"	"P-439-l"	3	828,823.22
03/23/2018	"P-380-f"	97537	"P-442-awu"	"P-439-m"	2	4,325,064.63
Subtotal						**₱107,253,514.12**

6. ***Export sales with different amounts per sales invoice***

Date	Invoice		BL/Airway Bill	Proof of Inward Remittance		Amount
	Exhibit	Invoice No.	Exhibit	Exhibit	Page No.	
08/14/2017	"P-423-a"	84044	"P-442-bbj"	"P-439-t"	2	₱ 2,961,184.49
03/01/2018	"P-424-a"	86186	"P-442-bbk"	"P-439-z"	6	545,051.97
04/08/2017	"P-426-a"	82646	"P-442-bbm"	"P-439-p"	1	5,486,386.45
Subtotal						**₱ 8,992,622.92**

7. ***Export sales supported by a bill of lading with corrections but not countersigned***

Date	Invoice		BL/Airway Bill	Proof of Inward Remittance		Amount
	Exhibit	Invoice No.	Exhibit	Exhibit	Page No.	
11/22/2017	"P-412-c"	85157	"P-442-bay"	"P-439-w"	6	₱ 2,883,956.21
Subtotal						**₱ 2,883,956.21**

8. ***Export sales dated outside the period of the claim***

Date	Invoice		BL/Airway Bill	Proof of Inward Remittance		Amount
	Exhibit No.	Invoice No.	Exhibit	Exhibit No.	Page No.	
04/02/2018	"P-421-a"	86552	-	-	-	₱ 319,506.84
04/02/2018	"P-421-b"	86553	-	-	-	150,189.10
04/02/2018	"P-421-c"	86562	-	-	-	56,968.28
04/02/2018	"P-421-d"	86572	-	-	-	207,950.92

04/02/2018	"P-421-e"	86573	-	-	-	36,252.54
Subtotal						**₱ 770,867.68**
9. Export sales without supporting documents						
Date	**Invoice**		**BL/Airway Bill**	**Proof of Inward Remittance**		**Amount**
	Exhibit	**Invoice No.**	**Exhibit**	**Exhibit**	**Page No.**	
03/21/2017	"P-222"	-	-	-	-	₱ 234,400,539.84
03/25/2017	"P-223"	-	-	-	-	261,692,674.60
07/15/2017	"P-376"	-	-	-	-	9,000.91
07/15/2017	"P-377"	-	-	-	-	1,582,000.66
07/15/2017	"P-377"	-	-	-	-	3,921.29
06/17/2017	"P-378"	-	-	-	-	1,175,756,828.58
03/24/2018	"P-387"	-	-	-	-	21,771,562.13
04/11/2017 to 02/08/2018	"P-430"					77,587,326.60
03/20/2018	"P-432"	-	-	-	-	25,400,026.92
-	"P-433"	-	-	-	-	20,701,788.93
Subtotal						**₱1,818,905,670.46**
Total Additional Disallowances						**₱2,232,314,333.05**

In sum, only the total amount of ₱31,382,276,647.33 satisfied the essential elements to qualify as VAT zero-rated sales under Section 106(A)(2)(a)(1) of the NIRC of 1997, as amended, computed as follows:

		Amount
Export Sales to DAH		₱33,615,800,744.79[135]
Less: Disallowances		
Disallowances sustained by the Court	₱ 1,209,764.41	
Disallowances per Court's further verification	2,232,314,333.05	2,233,524,097.46
Total Valid Export Sales		**₱31,382,276,647.33**

Considered Export Sales to BOI, PEZA, SBMA, and CDC-registered entities.

Petitioner claims that it also derived its zero-rated sales to export-oriented entities registered with the BOI, SBMA, PEZA, and CDC, in the aggregate amount of ₱49,278,029.47, broken down as follows:

Customer	**BOI/SBMA /CDC Registered**	**Amount**
Century Pacific Agricultural Ventures, Inc.	BOI	₱ 40,744,193.57
General Tuna Corporation	BOI	2,920,155.24

[135] Sub-Annex "C.4", BIR Records, p. 25.

General Tuna Corporation	BOI	115,280.00
Hi-Las Marketing Corporation	BOI	46,134.01
Philbest Canning Corporation	BOI	2,065,000.00
Amley Food Corporation	BOI	17,800.00
Gem Foods International, Inc.	SBMA	1,277,796.65
Millbrae Exports, Inc.	CDC	2,091,670.00
Total Zero-rated Sales to Export Oriented Entities		**₱ 49,278,029.47**

To recall, respondent imputed additional output VAT in the amount of ₱5,918,954.44 against petitioner and deducted the same from petitioner's input VAT refund claim.[136] The amount of ₱5,918,954.44 can be traced from petitioner's claimed zero-rated sales to export-oriented entities registered with the BOI, SBMA, PEZA, and CDC of ₱49,278,029.47.

Under Section 106(A)(2)(a)(5) of the NIRC of 1997, as amended, and as implemented by Section 4.106-5 of RR No. 16-2005, as amended by RR No. 4-2007, for a *"considered export sale"* to qualify as zero-rated, the following essential elements must be present:

1. The sale was made by a VAT registered person; and,

2. There was a sale of goods or services to an entity entitled to incentives under Executive Order No. 226, otherwise known as the Omnibus Investment Code of 1987 ("OIC"), and other special laws.

As for the *first* essential element, it is already settled that petitioner is a VAT-registered person.

As for the *second* essential element, any VAT-registered person claiming VAT zero-rated *"considered export sales"* must present, among others, the following documents:

1. The **sales invoice** as proof of sale of goods; and

2. The **proof of entitlement** to zero-rating under the OIC or other special laws.

As for the first type of document, petitioner presented the sales invoices[137] in support of its alleged *"considered export sales"* to the following customers:

[136] Refer to Exhibit "R-2", *BIR Records* (Exhibit "R-5"), p. 22.
[137] "P-157.1-a" to "P-157.1-ns"; "P-157.2-a" to "P-157.2-l"; "P-158-a" to "P-158-aj"; "P-160-a" to "P-160-h"; "P-162-a" to "P-162-e".

Customer Name	Amount	Exhibits
Sale of goods to BOI-registered entities		
Century Pacific Agricultural Ventures, Inc.	₱ 40,744,193.57	"P-157.1"; "P-158; "P-159"
General Tuna Corporation	2,920,155.24	"P-157.1"
General Tuna Corporation	115,280.00	
Philbest Canning Corporation	2,065,000.00	"P-157.2"; "P-159"
Amley Food Corporation	17,800.00	"P-157.2"
Sale of goods to PEZA-registered entity		
Hi-Las Marketing Corporation	46,134.01	No supporting documents[138]
Sale of goods to SBMA-registered entity		
Gem Foods International, Inc.	1,277,796.65	"P-160" to "P-161"
Sale of goods to CDC-registered entity		
Millbrae Exports, Inc.	2,091,670.00	"P-162"
Total Zero-rated Sales to Export Oriented Entities	**₱ 49,278,029.47**	

However, after careful examination of the sales invoices presented, the Court finds that only the *"considered export sales"* to Millbrae Exports, Inc. and Amley Foods Corporation in the amounts of ₱2,091,670.00 and ₱17,800.00, respectively, are duly supported by invoices and may be accorded VAT zero-rating. In contrast, the remaining portion of ₱47,168,559.47 must be disallowed outright for failure to comply with the invoicing requirements under the NIRC of 1997, as amended, and RR No. 16-2005, as amended, to wit:

DATE	EXHIBIT REF.	INVOICE NO.	AMOUNT
1. TIN OF THE PURCHASER NOT INDICATED IN THE INVOICE ISSUED BY PETITIONER			
A. CENTURY PACIFIC AGRICULTURAL VENTURES INC.			
04/03/2017	"P-157.1-a"	8671	₱ 14,000.91
04/03/2017	"P-157.1-b"	8672	80,761.59
04/05/2017	"P-157.1-c"	8673	378,336.00
04/06/2017	"P-157.1-d"	8670	37,230.00
04/06/2017	"P-157.1-e"	8674	104,181.75
04/06/2017	"P-157.1-f"	8677	18,377.59
04/06/2017	"P-157.1-g"	8678	19,739.72
04/06/2017	"P-157.1-h"	8679	438,865.20
04/06/2017	"P-157.1-i"	8680	77,880.00
04/10/2017	"P-157.1-j"	8695	172,368.00
04/10/2017	"P-157.1-k"	8696	102,600.00
04/10/2017	"P-157.1-l"	8697	22,374.66
04/10/2017	"P-157.1-m"	8698	289,668.00
04/11/2017	"P-157.1-n"	8700	275,788.80
04/11/2017	"P-157.1-o"	8701	230,100.00
04/11/2017	"P-157.1-p"	8702	115,809.75

[138] Exhibit "P-163".

04/11/2017	"P-157.1-q"	8703	20,431.95
04/17/2017	"P-157.1-r"	8705	3,595.13
04/21/2017	"P-157.1-s"	8709	77,341.00
04/21/2017	"P-157.1-t"	8710	81,420.00
04/21/2017	"P-157.1-u"	8711	9,244.62
04/26/2017	"P-157.1-w"	8720	42,480.00
04/26/2017	"P-157.1-x"	8721	8,485.40
04/26/2017	"P-157.1-y"	8722	80,402.49
04/26/2017	"P-157.1-z"	8732	247,608.00
05/11/2017	"P-157.1-ab"	8741	86,184.00
05/11/2017	"P-157.1-ac"	8746	5,144.80
05/11/2017	"P-157.1-ad"	8747	45,600.00
05/11/2017	"P-157.1-ae"	8748	7,750.00
05/11/2017	"P-157.1-af"	8749	172,368.00
05/12/2017	"P-157.1-ag"	8761	274,352.40
05/12/2017	"P-157.1-ah"	8762	81,608.25
05/15/2017	"P-157.1-ai"	8753	88,446.33
05/15/2017	"P-157.1-aj"	8754	189,604.80
05/15/2017	"P-157.1-ak"	8755	130,496.94
05/15/2017	"P-157.1-al"	8756	67,266.00
05/15/2017	"P-157.1-am"	8757	76,344.66
05/16/2017	"P-157.1-an"	8765	26,338.80
05/16/2017	"P-157.1-ao"	8766	15,513.60
05/16/2017	"P-157.1-ap"	8767	202,532.40
05/17/2017	"P-157.1-aq"	8771	184,830.00
05/17/2017	"P-157.1-ar"	8772	75,913.74
05/18/2017	"P-157.1-as"	8773	65,419.20
05/18/2017	"P-157.1-at"	8774	224,078.40
05/18/2017	"P-157.1-au"	8775	8,696.60
05/22/2017	"P-157.1-av"	8781	140,100.00
05/22/2017	"P-157.1-aw"	8782	189,604.80
05/22/2017	"P-157.1-ax"	8783	48,370.77
05/23/2017	"P-157.1-ay"	8784	296,358.24
05/23/2017	"P-157.1-az"	8785	61,872.60
05/23/2017	"P-157.1-ba"	8786	72,974.52
05/23/2017	"P-157.1-bb"	8787	30,164.40
05/23/2017	"P-157.1-bc"	8788	112,003.29
05/23/2017	"P-157.1-bd"	8789	68,947.20
05/24/2017	"P-157.1-be"	8790	241,315.20
05/24/2017	"P-157.1-bf"	8791	34,473.60
05/24/2017	"P-157.1-bg"	8792	86,184.00
05/24/2017	"P-157.1-bh"	8793	106,200.00
05/24/2017	"P-157.1-bi"	8794	12,480.00
05/24/2017	"P-157.1-bj"	8795	92,160.00
05/25/2017	"P-157.1-bk"	8796	115,522.00
05/25/2017	"P-157.1-bl"	8797	5,664.00
05/25/2017	"P-157.1-bm"	8798	35,191.80
05/25/2017	"P-157.1-bn"	8799	101,856.00
05/30/2017	"P-157.1-bo"	8807	210,888.00
05/30/2017	"P-157.1-bp"	8808	121,684.80
06/01/2017	"P-157.1-bq"	8812	242,400.00
06/01/2017	"P-157.1-br"	8813	84,960.00

06/02/2017	"P-157.1-bs"	8818	103,953.24
06/02/2017	"P-157.1-bt"	8819	1,030.75
06/02/2017	"P-157.1-bu"	8820	259,889.16
06/02/2017	"P-157.1-bv"	8821	46,507.25
06/05/2017	"P-157.1-bw"	8826	37,440.00
06/05/2017	"P-157.1-bx"	8827	209,355.30
06/06/2017	"P-157.1-by"	8830	305,908.80
06/13/2017	"P-157.1-bz"	8841	37,280.32
06/14/2017	"P-157.1-ca"	8842	157,742.75
06/14/2017	"P-157.1-cb"	8843	42,042.25
06/14/2017	"P-157.1-cc"	8844	101,500.00
06/15/2017	"P-157.1-ce"	8849	313,984.88
06/15/2017	"P-157.1-cf"	8850	41,627.08
07/17/2017	"P-157.1-cg"	8948	189,254.00
07/21/2017	"P-157.1-ci"	8951	60,300.00
07/21/2017	"P-157.1-cj"	8952	127,440.00
07/21/2017	"P-157.1-ck"	8953	1,216.00
07/21/2017	"P-157.1-cl"	8954	113,280.00
07/21/2017	"P-157.1-cm"	8955	38,798.00
07/21/2017	"P-157.1-cn"	8956	6,832.98
07/24/2017	"P-157.1-co"	8957	7,592.20
07/24/2017	"P-157.1-cp"	8971	337,536.00
08/01/2017	"P-157.1-cq"	8976	169,014.50
08/03/2017	"P-157.1-cr"	13726	49,035.00
08/04/2017	"P-157.1-cs"	13724	107,596.80
08/04/2017	"P-157.1-ct"	13725	56,026.40
08/05/2017	"P-157.1-cu"	13718	59,598.77
08/05/2017	"P-157.1-cv"	13720	47,830.86
08/05/2017	"P-157.1-cw"	13721	2,802.00
08/05/2017	"P-157.1-cx"	13722	28,933.60
08/05/2017	"P-157.1-cy"	13723	44,528.40
08/08/2017	"P-157.1-cz"	13730	30,604.80
08/08/2017	"P-157.1-da"	13731	61,555.20
08/08/2017	"P-157.1-db"	13732	117,480.00
08/08/2017	"P-157.1-dc"	13733	69,326.40
08/09/2017	"P-157.1-dd"	13746	117,480.00
08/09/2017	"P-157.1-de"	13747	167,376.50
08/14/2017	"P-157.1-df"	13769	80,455.50
08/14/2017	"P-157.1-dg"	13770	195,817.23
08/15/2017	"P-157.1-dh"	13767	128,640.00
08/15/2017	"P-157.1-di"	13768	120,175.00
08/15/2017	"P-157.1-dj"	13777	1,789.20
08/15/2017	"P-157.1-dk"	13778	258,552.00
08/15/2017	"P-157.1-dl"	13779	12,780.00
08/15/2017	"P-157.1-dm"	13962	18,268.14
08/16/2017	"P-157.1-dn"	13783	50,220.17
08/16/2017	"P-157.1-do"	13785	119,939.40
08/16/2017	"P-157.1-dp"	13786	1,958.00
08/16/2017	"P-157.1-dq"	13787	50,750.00
08/16/2017	"P-157.1-dr"	13788	1,581.75
08/16/2017	"P-157.1-ds"	13789	66,818.25
08/16/2017	"P-157.1-dt"	13790	363,600.00

08/18/2017	"P-157.1-dv"	13925	63,720.00
08/18/2017	"P-157.1-dw"	13926	197,074.08
08/18/2017	"P-157.1-dx"	13927	37,539.84
08/18/2017	"P-157.1-dy"	13928	32,025.60
08/18/2017	"P-157.1-dz"	13929	152,190.00
08/19/2017	"P-157.1-ea"	13930	275,788.80
08/20/2017	"P-157.1-eb"	13956	68,947.20
08/22/2017	"P-157.1-ec"	13931	275,788.80
08/23/2017	"P-157.1-ed"	13933	40,629.00
08/23/2017	"P-157.1-ee"	13934	77,062.86
08/23/2017	"P-157.1-ef"	13935	157,142.16
08/24/2017	"P-157.1-eg"	13937	51,300.00
08/24/2017	"P-157.1-eh"	13939	90,084.30
08/24/2017	"P-157.1-ei"	13940	172,368.00
08/29/2017	"P-157.1-ej"	13947	271,120.50
08/31/2017	"P-157.1-ek"	13963	277,476.57
09/11/2017	"P-157.1-el"	14104	72,688.00
09/12/2017	"P-157.1-em"	14106	106,200.00
09/12/2017	"P-157.1-en"	14107	57,150.94
09/21/2017	"P-157.1-eq"	14125	58,176.00
09/22/2017	"P-157.1-er"	14126	179,550.00
09/25/2017	"P-157.1-es"	14132	35,910.00
09/25/2017	"P-157.1-et"	14133	233,415.00
09/28/2017	"P-157.1-eu"	14129	273,600.00
09/28/2017	"P-157.1-ev"	14130	68,400.00
09/28/2017	"P-157.1-ew"	14131	215,460.00
10/02/2017	"P-157.1-ex"	14137	193,920.00
10/02/2017	"P-157.1-ey"	14138	143,640.00
10/04/2017	"P-157.1-fd"	14144	5,357.80
10/04/2017	"P-157.1-fe"	14145	233,810.01
10/04/2017	"P-157.1-ff"	14146	31,000.00
10/09/2017	"P-157.1-fg"	14271	170,510.00
10/09/2017	"P-157.1-fh"	14272	160,840.89
10/16/2017	"P-157.1-fi"	14347	56,942.20
10/16/2017	"P-157.1-fj"	14348	50,760.00
10/16/2017	"P-157.1-fk"	14349	5,607.00
10/17/2017	"P-157.1-fl"	14350	41,296.50
10/17/2017	"P-157.1-fm"	14351	177,754.50
10/19/2017	"P-157.1-fn"	14281	175,615.00
10/19/2017	"P-157.1-fo"	14282	234,492.30
10/20/2017	"P-157.1-fp"	14327	107,730.00
10/20/2017	"P-157.1-fq"	14328	51,692.50
10/20/2017	"P-157.1-fr"	14329	90,241.83
10/20/2017	"P-157.1-fs"	14330	112,800.00
10/27/2017	"P-157.1-fu"	14357	94,400.00
10/27/2017	"P-157.1-fv"	14358	39,060.00
10/27/2017	"P-157.1-fw"	14359	329,940.00
10/27/2017	"P-157.1-fx"	14360	72,162.00
10/27/2017	"P-157.1-fy"	14361	38,976.00
10/27/2017	"P-157.1-fz"	14362	144,573.66
10/30/2017	"P-157.1-ga"	14364	10,260.00
10/30/2017	"P-157.1-gb"	14365	19,200.00

10/30/2017	"P-157.1-gc"	14366	233,415.00
11/15/2017	"P-157.1-gd"	14508	121,540.00
11/15/2017	"P-157.1-ge"	14509	189,222.00
11/15/2017	"P-157.1-gf"	14510	203,896.98
11/15/2017	"P-157.1-gg"	14511	128,874.00
11/21/2017	"P-157.1-gh"	14514	27,361.60
11/21/2017	"P-157.1-gi"	14515	90,780.48
11/21/2017	"P-157.1-gj"	14516	175,404.00
11/21/2017	"P-157.1-gk"	14517	109,698.00
11/22/2017	"P-157.1-gl"	14518	287,280.00
11/22/2017	"P-157.1-gm"	14519	35,136.00
11/22/2017	"P-157.1-gn"	14520	187,047.96
11/22/2017	"P-157.1-go"	14521	122,569.56
11/29/2017	"P-157.1-gq"	14528	6,584.70
11/29/2017	"P-157.1-gr"	14529	57,600.00
11/29/2017	"P-157.1-gs"	14530	68,416.40
11/29/2017	"P-157.1-gt"	14531	50,750.00
11/29/2017	"P-157.1-gu"	14532	16,169.00
11/29/2017	"P-157.1-gv"	14533	115,200.00
11/29/2017	"P-157.1-gw"	14534	73,320.00
12/12/2017	"P-157.1-gx"	14681	74,405.52
12/12/2017	"P-157.1-gy"	14682	79,145.64
12/12/2017	"P-157.1-gz"	14683	134,842.05
12/13/2017	"P-157.1-ha"	14684	42,480.00
12/13/2017	"P-157.1-hb"	14685	275,022.00
12/13/2017	"P-157.1-hc"	14686	53,865.00
12/18/2017	"P-157.1-hd"	14696	245,440.00
12/18/2017	"P-157.1-he"	14697	108,342.00
12/20/2017	"P-157.1-hf"	14708	127,440.00
12/20/2017	"P-157.1-hg"	14709	215,460.00
12/22/2017	"P-157.1-hi"	14713	69,043.20
12/22/2017	"P-157.1-hj"	14714	66,541.23
12/22/2017	"P-157.1-hk"	14715	18,124.80
12/22/2017	"P-157.1-hl"	14717	148,918.77
12/26/2017	"P-157.1-hm"	14718	106,752.00
12/26/2017	"P-157.1-hn"	14719	141,305.85
12/26/2017	"P-157.1-ho"	14720	35,324.10
01/03/2018	"P-157.1-hp"	14860	107,730.00
01/03/2018	"P-157.1-hq"	14861	25,452.00
01/03/2018	"P-157.1-hr"	14862	76,800.00
01/03/2018	"P-157.1-hs"	14863	100,992.00
01/03/2018	"P-157.1-ht"	14864	61,360.00
01/03/2018	"P-157.1-hu"	14865	28,200.00
01/03/2018	"P-157.1-hv"	14866	197,505.00
01/04/2018	"P-157.1-hw"	14867	56,400.00
01/04/2018	"P-157.1-hx"	14868	125,685.00
01/04/2018	"P-157.1-hy"	14869	125,685.00
01/04/2018	"P-157.1-hz"	14870	179,550.00
01/04/2018	"P-157.1-ia"	14871	39,834.62
01/04/2018	"P-157.1-ib"	14872	86,052.00
01/11/2018	"P-157.1-ic"	14949	286,274.52
01/12/2018	"P-157.1-ie"	14952	38,782.80

01/12/2018	"P-157.1-if"	14953	51,279.48
01/12/2018	"P-157.1-ig"	14954	72,720.00
01/12/2018	"P-157.1-ih"	14955	125,685.00
01/12/2018	"P-157.1-ii"	14956	288,465.03
01/15/2018	"P-157.1-ij"	14878	3,024.00
01/16/2018	"P-157.1-ik"	14879	639.00
01/16/2018	"P-157.1-il"	14880	3,024.00
01/16/2018	"P-157.1-im"	14881	8,568.00
01/17/2018	"P-157.1-in"	14883	125,685.00
01/17/2018	"P-157.1-io"	14884	42,480.00
01/17/2018	"P-157.1-ip"	14885	3,517.92
01/17/2018	"P-157.1-iq"	14886	69,800.00
01/17/2018	"P-157.1-ir"	14887	31,382.08
01/17/2018	"P-157.1-is"	14888	7,272.00
01/17/2018	"P-157.1-it"	14889	12,600.00
01/17/2018	"P-157.1-iu"	14917	182,600.55
01/18/2018	"P-157.1-iv"	14891	187,620.00
01/18/2018	"P-157.1-iw"	14892	22,680.00
01/18/2018	"P-157.1-ix"	14893	12,210.00
01/18/2018	"P-157.1-iy"	14894	3,968.25
01/18/2018	"P-157.1-iz"	14895	39,234.60
01/19/2018	"P-157.1-ja"	14920	156,959.55
01/19/2018	"P-157.1-jb"	14921	792,929.61
01/19/2018	"P-157.1-jc"	14922	48,636.00
01/22/2018	"P-157.1-jd"	14924	84,960.00
01/22/2018	"P-157.1-je"	14925	134,877.96
01/22/2018	"P-157.1-jf"	14926	14,605.92
01/23/2018	"P-157.1-jg"	14927	3,024.00
01/23/2018	"P-157.1-jh"	14928	6,219.36
01/24/2018	"P-157.1-ji"	14941	10,439.55
01/24/2018	"P-157.1-jj"	14942	154,395.45
01/24/2018	"P-157.1-jk"	14943	9,908.64
01/26/2018	"P-157.1-jl"	14945	14,388.00
01/31/2018	"P-157.1-jm"	14971	209,280.00
01/31/2018	"P-157.1-jn"	14972	861.84
01/31/2018	"P-157.1-jo"	14973	142,778.16
02/01/2018	"P-157.1-jp"	15095	143,640.00
02/01/2018	"P-157.1-jq"	15096	107,730.00
02/01/2018	"P-157.1-jr"	15097	35,910.00
02/02/2018	"P-157.1-js"	15104	79,361.10
02/02/2018	"P-157.1-jt"	15105	91,008.00
02/02/2018	"P-157.1-ju"	15122	84,960.00
02/06/2018	"P-157.1-jv"	15106	61,371.60
02/06/2018	"P-157.1-jw"	15107	30,088.80
02/06/2018	"P-157.1-jx"	15113	186,264.00
02/06/2018	"P-157.1-jy"	15114	53,865.00
02/06/2018	"P-157.1-jz"	15115	175,168.98
02/06/2018	"P-157.1-ka"	15116	42,480.00
02/06/2018	"P-157.1-kb"	15117	31,999.20
02/06/2018	"P-157.1-kc"	15119	161,595.00
02/07/2018	"P-157.1-kd"	15110	53,865.00
02/07/2018	"P-157.1-ke"	15111	71,820.00

02/07/2018	"P-157.1-kf"	15112	44,707.95
02/07/2018	"P-157.1-kg"	15120	20,060.00
02/07/2018	"P-157.1-kh"	15121	154,235.00
02/08/2018	"P-157.1-ki"	15125	89,775.00
02/08/2018	"P-157.1-kj"	15126	229,230.00
02/08/2018	"P-157.1-kk"	15127	183,150.00
02/08/2018	"P-157.1-kl"	15128	236,750.00
02/08/2018	"P-157.1-km"	15129	234,200.00
02/08/2018	"P-157.1-kn"	15130	71,820.00
02/08/2018	"P-157.1-ko"	15131	125,685.00
02/08/2018	"P-157.1-kp"	15132	50,940.00
02/08/2018	"P-157.1-kq"	15133	72,208.75
02/08/2018	"P-157.1-kr"	15134	17,955.00
02/08/2018	"P-157.1-ks"	15135	30,312.26
02/09/2018	"P-157.1-kt"	15136	53,865.00
02/09/2018	"P-157.1-ku"	15137	17,955.00
02/09/2018	"P-157.1-kv"	15138	70,750.00
02/15/2018	"P-157.1-la"	15149	209,541.60
02/15/2018	"P-157.1-lb"	15150	21,168.00
02/17/2018	"P-157.1-le"	15156	861.84
02/17/2018	"P-157.1-lf"	15157	225,882.00
02/17/2018	"P-157.1-lg"	15158	107,730.00
02/17/2018	"P-157.1-lh"	15159	35,048.16
02/21/2018	"P-157.1-lj"	15167	30,164.40
02/21/2018	"P-157.1-lk"	15168	117,174.33
02/21/2018	"P-157.1-ll"	15169	32,015.28
02/21/2018	"P-157.1-lm"	15170	108,600.00
02/21/2018	"P-157.1-ln"	15172	102,866.72
02/26/2018	"P-157.1-lo"	15190	347,520.00
02/26/2018	"P-157.1-lp"	15191	2,009.25
02/26/2018	"P-157.1-lq"	15192	78,714.72
02/26/2018	"P-157.1-lr"	15193	143,640.00
02/26/2018	"P-157.1-ls"	15194	76,454.40
03/03/2018	"P-157.1-lv"	15342	3,528.00
03/06/2018	"P-157.1-lw"	15222	545,164.29
03/06/2018	"P-157.1-lx"	15223	14,590.80
03/09/2018	"P-157.1-ly"	15329	4,955.58
03/09/2018	"P-157.1-lz"	15330	282,324.42
03/09/2018	"P-157.1-ma"	15331	164,620.80
03/09/2018	"P-157.1-mb"	15332	135,272.97
03/09/2018	"P-157.1-mc"	15333	1,582.56
03/12/2018	"P-157.1-md"	15344	28,608.00
03/12/2018	"P-157.1-me"	15345	251,370.00
03/13/2018	"P-157.1-mf"	15350	103,420.80
03/14/2018	"P-157.1-mg"	15351	109,468.80
03/14/2018	"P-157.1-mh"	15352	14,776.32
03/14/2018	"P-157.1-mi"	15353	85,824.90
03/16/2018	"P-157.1-mk"	15361	80,689.77
03/16/2018	"P-157.1-ml"	15362	9,731.61
03/16/2018	"P-157.1-mm"	15363	161,987.76
03/16/2018	"P-157.1-mn"	15364	44,760.00
03/16/2018	"P-157.1-mo"	15365	40,900.00

03/16/2018	"P-157.1-mp"	15366	27,920.00
03/16/2018	"P-157.1-mq"	15367	49,196.70
03/16/2018	"P-157.1-mr"	15368	10,054.80
03/16/2018	"P-157.1-ms"	15369	94,299.66
03/16/2018	"P-157.1-mt"	15370	86,880.00
03/16/2018	"P-157.1-mu"	15371	40,900.00
03/19/2018	"P-157.1-mv"	15387	27,920.00
03/19/2018	"P-157.1-mw"	15388	10,584.00
03/19/2018	"P-157.1-mx"	15389	173,846.88
03/20/2018	"P-157.1-my"	15392	22,347.36
03/21/2018	"P-157.1-mz"	15393	304,080.00
03/21/2018	"P-157.1-na"	15394	203,299.20
03/21/2018	"P-157.1-nb"	15395	75,222.00
03/26/2018	"P-157.1-nc"	15448	37,260.72
03/26/2018	"P-157.1-nd"	15449	71,820.00
03/26/2018	"P-157.1-ne"	15450	283,000.00
03/26/2018	"P-157.1-nf"	15451	25,238.64
03/26/2018	"P-157.1-ng"	15452	173,760.00
03/26/2018	"P-157.1-nh"	15453	144,354.60
05/11/2018	"P-157.1-ni"	8742	32,152.95
05/11/2018	"P-157.1-nj"	8743	143,535.20
05/11/2018	"P-157.1-nk"	8744	602.91
05/11/2018	"P-157.1-nl"	8745	16,640.00
06/06/2018	"P-157.1-nm"	8831	20,160.00
06/06/2018	"P-157.1-nn"	8833	76,704.00
06/08/2018	"P-157.1-no"	8834	339,360.00
06/08/2018	"P-157.1-np"	8835	132,108.00
06/08/2018	"P-157.1-nq"	8836	224,388.80
08/01/2018	"P-157.1-nr"	8977	51,225.02
08/01/2018	"P-157.1-ns"	8978	35,287.75
06/19/2017	"P-158-a"	8861	31,255.95
06/19/2017	"P-158-b"	8862	25,425.90
06/19/2017	"P-158-c"	8863	190,553.20
06/19/2017	"P-158-d"	8864	84,822.31
06/20/2017	"P-158-e"	8865	333,468.09
06/20/2017	"P-158-f"	8866	194,126.07
06/20/2017	"P-158-g"	8867	169,644.62
06/23/2017	"P-158-h"	8872	3,780.28
06/23/2017	"P-158-i"	8873	208,521.01
06/28/2017	"P-158-j"	8877	46,740.87
06/28/2017	"P-158-k"	8879	43,136.32
06/28/2017	"P-158-l"	8881	99,276.16
06/30/2017	"P-158-m"	8887	43,323.92
06/30/2017	"P-158-n"	8889	11,005.71
06/30/2017	"P-158-o"	8890	263,181.80
07/03/2017	"P-158-p"	8894	64,792.34
07/03/2017	"P-158-q"	8895	171,639.94
07/04/2017	"P-158-r"	8892	61,824.85
07/04/2017	"P-158-s"	8896	54,601.89
07/04/2017	"P-158-t"	8897	112,066.82
07/06/2017	"P-158-u"	8902	15,502.74
07/06/2017	"P-158-v"	8903	103,747.44

07/06/2017	"P-158-w"	8904	179,696.97
07/07/2017	"P-158-x"	8905	74,059.64
07/07/2017	"P-158-y"	8907	50,965.16
07/07/2017	"P-158-z"	8908	174,841.57
07/11/2017	"P-158-aa"	8914	84,822.31
07/11/2017	"P-158-ab"	8915	84,115.46
07/11/2017	"P-158-ac"	8916	51,107.22
07/11/2017	"P-158-ad"	8917	26,381.24
07/11/2017	"P-158-ae"	8922	40,403.95
07/12/2017	"P-158-af"	8925	49,638.08
07/12/2017	"P-158-ag"	8926	252,613.66
07/13/2017	"P-158-ah"	8929	26,526.28
07/13/2017	"P-158-ai"	8930	97,763.45
07/13/2017	"P-158-aj"	8931	117,009.34
sub-total			***₱ 41,235,354.57***
B. GENERAL TUNA CORPORATION			
05/09/2017	"P-157.1-aa"	8739	₱ 57,640.00
06/14/2017	"P-157.1-cd"	8848	115,280.00
07/17/2017	"P-157.1-ch"	8937	115,280.00
08/17/2017	"P-157.1-du"	13795	115,280.00
09/15/2017	"P-157.1-eo"	14114	50,648.00
09/19/2017	"P-157.1-ep"	14119	374,016.00
10/03/2017	"P-157.1-ez"	14140	364,353.92
10/03/2017	"P-157.1-fa"	14141	42,856.00
10/03/2017	"P-157.1-fb"	14142	103,166.08
10/03/2017	"P-157.1-fc"	14143	273,499.20
10/25/2017	"P-157.1-ft"	14356	327,264.00
11/24/2017	"P-157.1-gp"	14525	42,485.88
12/20/2017	"P-157.1-hh"	14706	29,220.00
01/11/2018	"P-157.1-id"	14950	61,655.76
02/14/2018	"P-157.1-kw"	15148	161,338.50
02/14/2018	"P-157.1-kx"	15151	37,762.20
02/14/2018	"P-157.1-ky"	15152	26,973.00
02/14/2018	"P-157.1-kz"	15153	167,232.60
02/15/2018	"P-157.1-lc"	15154	45,554.40
02/15/2018	"P-157.1-ld"	15155	144,655.20
02/19/2018	"P-157.1-li"	15160	113,046.84
02/26/2018	"P-157.1-lt"	15195	2,737.26
02/26/2018	"P-157.1-lu"	15196	94,126.40
03/14/2018	"P-157.1-mj"	15354	54,084.00
04/21/2017	"P-157.1-v"	8708	115,280.00
sub-total			***₱ 3,035,435.24***
C. PHILBEST CANNING CORP.			
05/05/2017	"P-157.2-a"	14079	147,500.00
05/13/2017	"P-157.2-b"	14080	147,500.00
06/30/2017	"P-157.2-c"	14081	147,500.00
08/30/2017	"P-157.2-d"	14084	147,500.00
09/15/2017	"P-157.2-e"	14085	147,500.00
09/26/2017	"P-157.2-f"	14148	147,500.00
10/13/2017	"P-157.2-h"	15336	147,500.00
11/20/2017	"P-157.2-i"	15337	147,500.00
11/20/2017	"P-157.2-j"	15339	147,500.00

11/21/2017	"P-157.2-k"	15338	147,500.00
02/24/2018	"P-157.2-l"	15340	147,500.00
sub-total			***₱ 1,622,500.00***
D. GEM FOODS INTERNATIONAL, INC.			
05/23/2017	"P-160-a"	13334	64,795.93
07/10/2017	"P-160-b"	13578	100,322.34
08/23/2017	"P-160-c"	13924	437,038.84
09/07/2017	"P-160-d"	13960	221,178.12
09/07/2017	"P-160-e"	13961	6,613.34
09/15/2017	"P-160-f"	14086	2,939.26
09/22/2017	"P-160-g	14087	20,192.39
09/22/2017	"P-160-h"	14088	4,408.89
sub-total			***₱ 857,489.10***
TOTAL			**₱ 46,750,778.91**
2. PURPORTED INVOICES WERE NOT FORMALLY OFFERED			
A. CENTURY PACIFIC AGRICULTURAL VENTURES INC. ***(Annex P-159 of Exhibit P-77)***			
05/17/2017		17020306	₱ 293,220.00
05/29/2017		8805	23,131.80
05/29/2017		8806	223,719.30
06/28/2017		8878	126,522.65
07/13/2017		8927	216,170.66
01/16/2018		8064630	(383,351.12)
01/24/2018		14944	285,621.36
01/24/2018		8071584	(22,681.35)
02/08/2018		8078176	(183,141.00)
03/06/2018		8089360	(48,638.91)
03/06/2018		8089361	(1,024,955.14)
03/07/2018		15224	3,220.75
sub-total			***₱ (491,161.00)***
B. PHILBEST CANNING CORP. ***(Annex P-159 of Exhibit P-77)***			
04/22/2017		13160	147,500.00
07/18/2017		7992631	147,500.00
07/26/2017		7995354	147,500.00
sub-total			***₱ 442,500.00***
C. GEM FOODS INTERNATIONAL, INC. ***(Annex P-161 of Exhibit P-77)***			
05/01/2017		13214	37,880.93
07/31/2017		7997261	14,769.42
07/31/2017		7997262	85.98
07/31/2017		7997263	687.82
07/31/2017		7997264	63,303.72
08/08/2017		8000810	2,023.00
10/05/2017		14147	144,184.13
10/25/2017		14331	2,939.27
11/20/2017		14490	5,143.71
01/30/2018		14959	97,914.16
01/30/2018		14960	2,939.26
02/09/2018		15139	44,762.07
02/15/2018		15140	3,674.08
sub-total			***₱ 420,307.55***
D. HI-LAS MARKETING CORPORATION ***(Annex P-163 of Exhibit P-77)***			

08/09/2017		8001057	₱ 18,411.83
08/09/2017		8001058	2,985.95
08/09/2017		8001059	5,310.38
08/09/2017		8001060	19,425.86
sub-total			***46,134.01***
TOTAL			**417,780.56**
Grand Total			**₱ 47,168,559.47**

As to the *second* essential element, to prove that its customers, Milbrae Exports, Inc. and Amley Foods Corporation, are duly registered with the BOI and CDC, respectively, petitioner submitted the Certifications issued by the respective agencies, to wit:

Customer Name	Proof of VAT Zero-rating	Certification Period	Exhibit No.	% of Export Sales
Amley Food Corporation	BOI Certification was issued on February 27, 2017	January 1 to December 31, 2017	"P-77-C"[139]/ "P-443-a"	**93.48%** for the period January 1 to December 31, 2016
Millbrae Exports, Inc.	CDC Certificate of Registration and Tax Exemption	March 1, 2016 to April 30, 2018	"P-445-b"	

Upon examination, We find that the sales made to Millbrae Exports, Inc. in the amount of ₱2,091,670.00 are indeed zero-rated export sales based on the certification issued by the CDC on February 17, 2016.

With regard to sales to Amley Food Corporation, We cannot consider the same subject to VAT zero-rating.

In *Commissioner of Internal Revenue vs. Filminera Resources Corporation (Filminera* case),[140] the Supreme Court ruled that sales made to a BOI-registered buyer are export sales subject to the zero percent rate if the following conditions are met:

1. The buyer is a BOI-registered manufacturer/producer;

2. The buyer's products are 100% exported; and

3. The BOI certifies that the buyer exported 100% of its products. For this purpose, the BOI Certification is vital for the seller-taxpayer to avail of zero-rating benefits. The certification is evidence that the buyer exported its entire

[139] Docket – Vol. II, p. 674.
[140] G.R. No. 236325, September 16, 2020.

products and shall serve as authority for the seller to claim for refund or tax credit.

Relative thereto, petitioner must present the following documents:

1. The buyer's Certificate of Registration with the BOI; and,

2. The BOI Certification that the buyer exported 100% of its products.

A cursory examination of the BOI Certification issued to Amley Food Corporation shows that petitioner fell short in proving that Amley Food Corporation's products for the period subject of the present claim, *i.e., from April 1, 2017 to March 31, 2018,* are *100% exported.* To emphasize, the BOI's records show that Amley Food Corporation has exported **93.48%** of its sales value from **January 1 to December 31, 2016**. Thus, petitioner's sales of ₱17,800.00 cannot qualify for a VAT zero rating.

In sum, petitioner's valid zero-rated sales for the period covering April 1, 2017 to March 31, 2018 amounted to **₱31,384,368,317.33**, as determined below:

	Export Sales to DAH	**Considered Export Sales**	**Total**
Reported Zero-Rated Sales (based on the amended Quarterly VAT Returns)	₱ 33,615,917,839.03	₱ 49,278,029.47	₱ 33,665,195,868.50
Less: Adjustments			-
Unsupported Zero-Rated Sales	(117,094.24)		(117,094.24)
Disallowances sustained by the Court for failure to establish compliance with the essential elements to qualify for VAT zero-rating	(1,209,764.41)		
Disallowances per Court's further verification for failure to establish compliance with the essential elements to qualify for VAT zero-rating	(2,232,314,333.05)	(47,186,359.47)[141]	(2,280,710,456.93)
Valid zero-rated sales	**₱ 31,382,276,647.33**	**₱ 2,091,670.00**	**₱31,384,368,317.33**

[141] ₱47,168,559.47+₱17,800.00

Sixth requisite: The input VAT claimed by petitioner are not transitional input taxes.

The input taxes are not transitional, as understood under Section 111(A) of the NIRC of 1997, as amended, to wit:

> "SEC. 111. *Transitional/Presumptive Input Tax Credits.* —
>
> (A) *Transitional Input Tax Credits.* — A person who becomes liable to value-added tax or any person who elects to be a VAT-registered person shall, subject to the filing of an inventory according to rules and regulations prescribed by the Secretary of Finance, upon recommendation of the Commissioner, be allowed input tax on his beginning inventory of goods, materials and supplies equivalent to two percent (2%) of the value of such inventory or the actual value-added tax paid on such goods, materials and supplies, whichever is higher, which shall be creditable against the output tax."

As held by the Supreme Court in *Fort Bonifacio Development Corporation vs. Commissioner of Internal Revenue,*[142] transitional input tax credit operates to benefit newly VAT-registered persons, whether or not they previously paid taxes in the acquisitions of their beginning inventory of goods, materials and supplies. During the transition period from non-VAT to VAT status, the transitional input tax credit alleviates the impact of the VAT on the taxpayer.

Since there is no showing that the claimed input taxes are transitional, petitioner has complied with the *sixth* requisite for the grant of an input VAT refund.

Seventh requisite: Not all input taxes being claimed are due or paid.

Anent the *seventh* requisite in claiming a VAT refund, it is indispensable for petitioner to provide supporting documents proving that the input taxes claimed during the period covering April 1, 2017 to March 31, 2018 were *due or paid* under Section 110(A) of the NIRC of 1997, as amended, to wit:

[142] G.R. Nos. 158885 & 170680, April 2, 2009.

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:

(1) 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.

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

(2) The input tax on domestic purchase or importation of goods or properties by a VAT-registered person 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.

Provided, That the input tax on goods purchased or imported in a calendar month for use in trade or business for which deduction for depreciation is allowed under this Code shall be spread evenly over the month of acquisition and the fifty-nine (59) succeeding months if the aggregate acquisition cost for such goods, excluding the VAT component thereof, exceeds One million pesos (₱1,000,000): Provided, however, That if the estimated useful life of the capital good is less than five (5) years, as used for depreciation purposes, then the input VAT shall be spread over such a shorter period: *Provided*, finally, That 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.

The above provisions are implemented by Sections 4.110-1 to 4.110-3 of RR No. 16-2005, which read as follows:

"SECTION 4.110-1. *Credits For Input Tax.* — "Input tax" means the VAT due on or paid by a VAT-registered person on importation of goods or local purchases of goods, properties, or services, including lease or use of properties, in the course of his trade or business. It shall also include the transitional input tax and the presumptive input tax determined in accordance with Sec. 111 of the NIRC of 1997, as amended.

It includes input taxes which can be directly attributed to transactions subject to the VAT plus a ratable portion of any input tax which cannot be directly attributed to either the taxable or exempt activity.

Any input tax on the following transactions evidenced by a VAT invoice or official receipt issued by a VAT-registered person in accordance with Secs. 113 and 237 of the NIRC of 1997, as amended, shall be creditable against the output tax:

(a) Purchase or importation of goods

(1) For sale; or

(2) For conversion into or intended to form part of a finished product for sale, including packaging materials; or

(3) For use as supplies in the course of business; or

(4) For use as raw materials supplied in the sale of services; or

(5) For use in trade or business for which deduction for depreciation or amortization is allowed under the NIRC of 1997, as amended,

(b) Purchase of real properties for which a VAT has actually been paid;

(c) Purchase of services in which a VAT has actually been paid;

(d) Transactions "deemed sale" under Sec. 106 (B) of the NIRC of 1997, as amended;

(e) Transitional input tax allowed under Sec. 4.111 (a) of these Regulations;

(f) Presumptive input tax allowed under Sec. 4.111 (b) of these Regulations;

(g) Transitional input tax credits allowed under the transitory and other provisions of these Regulations.

SECTION 4.110-2. *Persons Who Can Avail of the Input Tax Credit.* — The input tax credit on importation of goods or local purchases of goods, properties or services by a VAT-registered person shall be creditable:

(a) To the importer upon payment of VAT prior to the release of goods from customs custody;

(b) To the purchaser of the domestic goods or properties upon consummation of the sale; or

(c) To the purchaser of services or the lessee or licensee upon payment of the compensation, rental, royalty or fee.

Relative thereto, Section 4.110-8 of RR No. 16-2005 provides for the substantiation requirements of input tax credits as follows:

"SEC. 4.110-8. *Substantiation of Input Tax Credits.* –

(a) Input taxes for the importation of goods or the domestic purchase of goods, properties or services is made in the course of trade or business, whether such input taxes shall be credited against zero-rated sale, non-zero-rated sales, or subjected to the 5% Final Withholding VAT, must be substantiated and supported by the following documents, and must be reported in the information returns required to be submitted to the Bureau:

(1) For the importation of goods - import entry or other equivalent document showing actual payment of VAT on the imported goods.

(2) For the domestic purchase of goods and properties – invoice showing the information required under Secs. 113 and 237 of the Tax Code.

(3) For the purchase of real property – public instrument i.e., deed of absolute sale, deed of conditional sale, contract/agreement to sell, etc., together with VAT invoice issued by the seller.

(4) For the purchase of services – official receipt showing the information required under Secs. 113 and 237 of the Tax Code.

Verily, to prove entitlement to credits for input taxes due and paid, petitioner must not only present the supporting documents prescribed under Section 4.110-8 of RR No. 16-2005 but also, these documents must comply with the invoicing requirements under Sections 113(A) and (B), 237 and 238 of the NIRC of 1997, as amended, and as implemented by Section 4.113-1(A) and (B) of RR No. 16-2005, which were quoted earlier.

Based on its Amended Quarterly VAT Returns[143] for the period covering April 1, 2017 to March 31, 2018, petitioner reported current input tax from various purchases of goods and services amounting to ₱1,538,046,028.73, out of which the amount of ₱1,218,800,809.92 [144] is the subject of its administrative claim for refund[145], as shown below:

	FY	FY	FY	FY	
	1st Qtr 2018	**2nd Qtr 2018**	**3rd Qtr 2018**	**4th Qtr 2018**	**Total**
Particulars	**P-450-c**	**P-29/P-450-e**	**P-35/P-450-g**	**P-450-k**	
Deferred from the previous quarter	₱ 20,153,348.91	₱ 17,048,737.55	₱ 14,161,000.03	₱ 11,568,171.64	₱ 62,931,258.13
Less: Deferred for the succeeding period	17,048,737.53	14,161,000.04	11,568,171.62	9,280,906.18	52,058,815.37
Amortized input tax on capital goods exceeding ₱1M	3,104,611.38	2,887,737.51	2,592,828.41	2,287,265.46	10,872,442.76
Input tax on domestic purchases of goods other than capital goods	92,222,554.55	129,437,440.44	178,735,782.68	244,961,566.10	645,357,343.77
Input Tax on importation of goods other than capital goods	56,150,842.00	65,856,117.10	119,303,871.30	76,416,213.00	317,727,043.40
Input tax on domestic purchases of services	120,840,418.54	108,281,885.32	152,080,513.68	143,823,321.73	525,026,139.27
Services Rendered by Non-Residents	5,341,028.73	9,563,209.48	11,091,999.61	13,026,744.28	39,022,982.10
Creditable Withholding VAT (reflected as Others in VAT Returns)	8,505.86	6,946.99	5,004.15	19,620.44	40,077.44
Total input tax during the period	**₱277,667,961.06**	**₱316,033,336.84**	**₱463,809,999.83**	**₱480,534,731.01**	**₱ 1,538,046,028.74**
Less: Output tax	57,947,061.26	63,669,011.29	131,774,115.09	65,855,031.16	319,245,218.81
Excess input tax	**₱219,720,899.80**	**₱252,364,325.55**	**₱332,035,884.74**	**₱414,679,699.85**	**₱ 1,218,800,809.93**

[143] Exhibits "P-450-c", "P-29"/"P-450-e", "P-35"/"P-450-g", and "P-450-k".
[144] With discrepancy of P0.01.
[145] Exhibit "P-69", Docket – Vol. I, pp. 539 to 551.

Out of the reported input VAT of ₱1,538,046,028.74 during the period of claim, respondent found that petitioner's allowable input VAT amounted to ₱1,422,392,553.50,[146] while the remaining input VAT amounting to ₱115,653,475.24 was disallowed due to the alleged non-compliance with the invoicing requirements, among others. Moreover, the additional amount of ₱209,618,068.10 was deducted from petitioner's claim for refund, which represents the output VAT imposed upon petitioner, compromise penalty, and the input VAT allocated to sales allegedly not qualified for zero-rating, as well as exempt sales.

To the point of being repetitive, the input VAT amount of ₱325,271,543.33 was disallowed for refund by respondent, and, thus, has been the subject of the present claim before the Court.

To support its input taxes from importations and domestic purchases of goods and services, petitioner submitted the Single Administrative Document ("**SAD**"), Temporary Assessment Notices, and SSDT[147] issued by the BOC and VAT sales invoices and official receipts[148] issued by its various suppliers.

The denied portion of petitioner's claim for refund of the excess and unutilized input tax aggregating ₱325,271,543.33 are accounted for as follows[149]:

No.	ICPA Report, Table Nos. 6 and 10 [150] Item No.	Particulars	Amount	Annexed to Exhibit "P-77"	Exhibits
1	**Item Nos. 1 to 4, 6 to 14, 16, 20, & 21**	The total amount of disallowed input VAT due to Non-compliance with the invoicing requirements, double/over-claimed input VAT, insufficient/no supporting documents, invalid ATP/failure to indicate ATP, and supported by out-of-period VAT SIs or ORs	₱114,899,296.26	**Annex B**, pp. 20-22	"P-78" to "P-106"
				Annex C, p. 23	"P-108" to "P-121"
				Annex D, p. 24	"P-122" to "P-128"
				Annexes F to N, pp. 24-27	"P-130" to "P-156"
				Annex P, p. 29	"P-164"
				Annexes S to T, pp. 29-30.	"P-166" to "P-171"
2	**Item No. 5**	Non-VAT per ITS verification	754,178.95	**Annex E**, p. 24	"P129"

[146] Exhibit "R-5", BIR Records, p. 47.
[147] Exhibits "P-170-a" to "P-170-l".
[148] Exhibits "P-78-a" to "P-155-b".
[149] See Exhibit "P-77", pp. 7, 12 to 14.
[150] Exhibit "P-77", pp. 5 to 6.

		Total Disallowances pertaining to Input VAT during the period	**₱115,653,475.23**		
3	**Item No. 15**	Additional output VAT based on considered export sales without prior approved VAT zero-rating	5,918,954.44	**Annex O**, p. 28	"P-157.1" to "P-163"
4	**Item No. 17**	Allocation of input tax on unremitted export sales	51,333.07	**Annex Q**, p. 29	"P-165"
5	**Item Nos. 18 & 22**	The total amount of input VAT allocable to exempt sales	19,226,034.11	**Annex R**, p. 29 **Annex U**, p. 30	- -
6	**Item No. 23**	The total amount of disallowed input VAT allocable to sales not qualified for zero-rated	184,409,246.48	**Table V-1**, p. 31	
7	**item No. 19**	Compromise Penalty	12,500.00		
		Total Disallowances	**₱325,271,543.33**		

Based on the ICPA report, out of the input VAT of ₱115,653,475.23, We find the following disallowances amounting to ₱92,561,103.84 proper, thus, shall be sustained:

No.	**Particulars**	**Disallowed Input VAT per CIR**	**Annexed to Exhibit "P-77"**	**Exhibits**	**Amount**
1	The total amount of disallowed input VAT due to Non-compliance with the invoicing requirements, insufficient/no supporting documents, invalid ATP/failure to indicate ATP, and supported by out-of-period VAT SIs or ORs (Item Nos. 1 to 4, 6 to 14, 16, 20 & 21)	₱114,899,296.28	**Annex B**, pp. 21-22	"P-86" to "P-106"	₱ 42,669,750.22
			Annex C, p. 23	"P-109" to "P-121"	2,324,802.13
			Annex D, p. 24	"P-123" to "P-128"	21,984,083.28
			Annexes F to N, pp. 24-27	"P-130" to "P-156"	18,504,135.80
			Annex P, p. 29	"P-164"	5,144,460.88
			Annexes S to T, pp. 29-30.	"P-166" to "P-169" and "P-171"	1,179,692.58
2	Non-VAT per ITS verification (Item No. 5)	754,178.95	**Annex E**, p. 24	"P-129"	754,178.95
	Grand Total	**₱115,653,475.23**			**₱ 92,561,103.84**

In addition, upon further verification, the Court finds that the total amount of ₱17,602,110.62 should likewise be disallowed for the reasons stated below:

1. Input VAT not declared separately				
Exhibit No.	**Name of Supplier**	**Date**	**SI/OR No.**	**Input VAT Amount**
"P-78-iv"	MALLBERRY SUITES	01/12/2018	VAT REG. TIN OFFICIAL RECEIPT NO. 336531	₱ 409.07
"P-85-b"	SARANGANI RESOURCES CORP.	05/05/2017	VAT REG. TIN OFFICIAL	144,020.98

			RECEIPT NO. 3249	
Subtotal				**₱ 144,430.05**

2. Overdeclared input VAT

Exhibit No.	**Name of Supplier**	**Date**	**SI/OR No.**	**Input VAT Amount**
"P-78-cq"	ECCO HARDWARE INC	03/08/2018	VAT REG. TIN CHARGE SALES INVOICE NO. 85774	₱ 30.72
"P-108-a"	ADELA M. BUSTOS TRUCKING	2/21/2018	VAT REG. TIN OFFICIAL RECEIPT NO. 0089	33,019.00
"P-108-c"	ADELA M. BUSTOS TRUCKING	3/5/2018	VAT REG. TIN OFFICIAL RECEIPT NO. 0090	46,106.65
"P-122-m" to "P-122-q"	RVB MACHINE SHOP & ENGINEERING SERVICES	03/15/2018	VAT REG. TIN CHARGE INVOICE NO. 7521	14,400.00
Subtotal				**₱ 93,556.37**

3. Input Vat supported by blurred OR/SI

Exhibit No.	**Name of Supplier**	**Date**	**SI/OR No.**	**Input VAT Amount**
"P-78-ay"	ACE HARDWARE PHILIPPINES INC	07/06/2017	VAT REG. TIN SALES INVOICE NO. 816-000096719, 816-000095037, 816-000094286, 816-000091921, 817-000107250, 817-000107833, 817-000105952, 815-000096070, 816-000094289	₱ 362.51
"P-78-cy"	REACHEM INDUSTRIES INC	03/23/2018	VAT REG. TIN SALES INVOICE NO. 34429	1,178.57
Subtotal				**₱ 1,541.08**

4. Input VAT supported by ORs but failed to indicate the nature of service rendered

Exhibit No.	Name of Supplier	Date	SI/OR No.	Input VAT Amount
"P-78-cz" to "P-78-dg"	NMC CONTAINER LINES, INC.	04/06/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0162747	₱ 25,074.44
"P-78-dh" to "P-78-dn"	NMC CONTAINER LINES, INC.	04/06/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0162748	18,806.98
"P-78-do" to "P-78-ds"	NMC CONTAINER LINES, INC.	04/06/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0162749	19,886.98
"P-78-dv" to "P-78-ee"	DS DYNATEC INDUSTRIAL SOLUTIONS AND ENGG	04/27/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0055	33,840.00
"P-78-ef"	RTX ELECTRONICS TRADING AND SERVICES	05/20/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0666	2,160.00
"P-78-eg"	RTX ELECTRONICS TRADING AND SERVICES	05/20/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0667	2,280.00
"P-78-eh"	PPLM INDUSTRIAL CORPORATION	06/08/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 5423	15,600.00
"P-78-ej" to "P-78-em"	AERON EQUIPMENT SALES & RENTAL SERVICES	06/22/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 001005	24,357.01
"P-78-en"	RTX ELECTRONICS TRADING AND SERVICES	07/02/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0668	2,160.00
"P-78-eo"	RTX ELECTRONICS TRADING AND SERVICES	07/02/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0669	2,280.00
"P-78-ep"	BETAN CALIBRATION TECHNIQUE	07/05/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 19657	13,500.00
"P-78-eq"	LEADING BLDG.INTELLIGENCE (LBI)PHILS INC	07/14/2017	VAT REG. TIN OFFICIAL	41,280.00

			RECEIPT NO. 078	
"P-78-er"	DOLE ASIA COMPANY LIMITED	07/27/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 02804	67,387.41
"P-78-es"	RTX ELECTRONICS TRADING AND SERVICES	08/01/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0670	2,160.00
"P-78-et"	RTX ELECTRONICS TRADING AND SERVICES	08/01/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0671	2,280.00
"P-78-eu"	RTX ELECTRONICS TRADING AND SERVICES	08/21/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0657	5,508.00
"P-78-ev"	RTX ELECTRONICS TRADING AND SERVICES	08/21/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0658	7,344.00
"P-78-ex"	RTX ELECTRONICS TRADING AND SERVICES	08/30/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0672	2,160.00
"P-78-ey"	RTX ELECTRONICS TRADING AND SERVICES	08/30/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0674	2,280.00
"P-78-ez"	MONARK EQUIPMENT CORP	08/31/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 00951	2,856.84
"P-78-fa"	J.E. PALERMO CONSTRUCTION & MATERIALS SU	09/06/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 3890	83,247.37
"P-78-fb"	MT.MATUTUM HEALTH CARE FOUNDATION, INC.	09/07/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 230262	6,477.76
"P-78-go"	DOLE ASIA COMPANY,LTD(DPGSL PHILIPPINES)	09/20/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 02838	489,951.01
"P-78-gp"	RTX ELECTRONICS TRADING AND SERVICES	09/30/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0675	2,280.00

"P-78-gq"	RTX ELECTRONICS TRADING AND SERVICES	10/01/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0662	2,160.00
"P-78-gr"	RTX ELECTRONICS TRADING AND SERVICES	10/01/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0663	2,160.00
"P-78-gs"	WRU CORPORATION	10/19/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0003406	18,214.29
"P-78-gt"	RTX ELECTRONICS TRADING AND SERVICES	10/30/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0676	2,160.00
"P-78-gu"	RTX ELECTRONICS TRADING AND SERVICES	10/30/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0682	2,280.00
"P-78-gy"	RTX ELECTRONICS TRADING AND SERVICES	11/30/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0678	2,280.00
"P-78-ha"	2GO GROUP INC	12/08/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0541336	4,203.21
"P-78-hb" to "P-78-he"	SOUTH COTABATO INTEGRATED PORT SERVICES	12/11/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 206930	153.60
"P-78-hf" to "P-78-hh"	KPS TRUCKING SERVICES	12/12/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0035	50,127.47
"P-78-hi" to "P-78-ht"	KAICOSH CORPORATION	12/13/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0114	41,396.58
"P-78-hv" to "P-78-hy"	GRANDCITY HOTEL	12/21/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 121140	2,070.01
"P-78-ia" to "P-78-ib"	SOUTH COTABATO INTEGRATED PORT SERVICES	12/23/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 207543	2,379.84

"P-78-ig" to "P-78-ij"	TNL EXPRESS WORLDWIDE CORP	01/05/2018	VAT REG. TIN OFFICIAL RECEIPT NO. 7055	1,584.00
"P-78-ik" to "P-78-it"	KAICOSH CORPORATION	01/09/2018	VAT REG. TIN OFFICIAL RECEIPT NO. 0121	47,880.12
"P-78-iu"	MALLBERRY SUITES	01/12/2018	VAT REG. TIN OFFICIAL RECEIPT NO. 336531	231.43
"P-78-iw" to "P-78-ix"	IRELAN'S ENTERPRISES	01/12/2018	VAT REG. TIN OFFICIAL RECEIPT NO. 6802	2,886.00
"P-78-iy" to "P-78-jc"	IRELAN'S ENTERPRISES	01/19/2018	VAT REG. TIN OFFICIAL RECEIPT NO. 6803	6,120.00
" P-78-jv"	RTX ELECTRONICS TRADING AND SERVICES	02/15/2018	VAT REG. TIN OFFICIAL RECEIPT NO. 0679	2,280.00
"P-78-jw"	R & G RUIZ CONSTRUCTION, INC.	03/01/2018	VAT REG. TIN OFFICIAL RECEIPT NO. 0106	12,978.60
"P-78-kd"	SGS PHILIPPINES INC	03/07/2018	VAT REG. TIN OFFICIAL RECEIPT NO. 0156907	300.00
"P-78-ke" to "P-78-kl"	KAICOSH CORPOR	03/12/2018	VAT REG. TIN OFFICIAL RECEIPT NO. 0160	14,487.81
"P-78-km"	ASIAN MARINE TRANSPORT CORP	03/12/2018	VAT REG. TIN OFFICIAL RECEIPT NO. 58032	49,345.71
"P-78-kn"	ASIAN MARINE TRANSPORT CORP	03/12/2018	VAT REG. TIN OFFICIAL RECEIPT NO. 58037	218,628.00
"P-78-kr"	AJ SUELA & REDUCTO TRUCKING SERVICES	03/16/2018	VAT REG. TIN OFFICIAL RECEIPT NO. 5874	1,865.99
"P-78-ks"	ASIAN MARINE TRANSPORT CORP	03/20/2018	VAT REG. TIN	52,736.79

			OFFICIAL RECEIPT NO. 58035	
"P-78-kt"	R & G RUIZ CONSTRUCTION, INC.	03/22/2018	VAT REG. TIN OFFICIAL RECEIPT NO. 0108	31,800.00
"P-81-a"	NARCISO FARM, INC.	06/01/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 0301	6,804,000.00
"P-83-a"	DOLE ASIA COMPANY,LTD(DPGSL PHILIPPINES)	04/07/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 02761	300,134.94
"P-83-b"	DOLE ASIA COMPANY,LTD(DPGSL PHILIPPINES)	05/04/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 02769	363,430.18
"P-83-c"	DOLE ASIA COMPANY,LTD(DPGSL PHILIPPINES)	06/05/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 02780	790,903.60
"P-83-d"	DOLE ASIA COMPANY,LTD(DPGSL PHILIPPINES)	06/29/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 02789	537,068.86
"P-84-a"	DOLE ASIA COMPANY,LTD(DPGSL PHILIPPINES)	07/27/2017	VAT REG TIN. OFFICIAL RECEIPT NO. 02806	357,409.40
"P-108-b"	ADVENT TRANSPORT SERVICES	03/02/2018	VAT REG. TIN OFFICIAL RECEIPT NO. 0059	103.53
"P-122-v" to "P-122-x"	TROPILAND ENTERPRISES	04/12/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 5026	57,036.00
"P-112-y" to "P-122-ac"	CMKT ENTERPISES	03/01/2018	VAT REG. TIN OFFICIAL RECEIPT NO. 423	40,649.09
"P-134-a"	DAVAO INT'L CONTAINER TERMINAL INC	08/11/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 115833	1,386.97
"P-134-b"	DAVAO INT'L CONTAINER TERMINAL INC	11/30/2017	VAT REG. TIN OFFICIAL RECEIPT NO. 126781	4,160.92

				₱ 10,704,150.74
5. Input VAT without supporting documents				
"P-79"	VARIOUS SUPPLIERS	-	-	6,658,432.38
				₱ 6,658,432.38
TOTAL				**₱17,602,110.62**

Considering the foregoing, out of the input VAT of ₱115,653,475.23 (previously disallowed by respondent), the Court finds that the amount of ₱5,490,260.77 was properly supported in accordance with the invoicing and substantiation requirements under the law and regulations, computed as follows:

Total input VAT for the period covering April 1, 2017 to March 31, 2018 accounted for by petitioner (Item Nos. 1 to 14, 16, 20 & 21)	₱ 115,653,475.23
Less: Disallowances	
Per ICPA report	92,561,103.84
Per the Court's further verification	17,602,110.62
Total Disallowances	*(110,163,214.46)*
Valid Input VAT per this Court's verification	**₱5,490,260.77**

Hence, petitioner complied with the *seventh* requisite, *i.e.*, the input taxes are due or paid, but only in the amount of ₱5,490,260.77.

As for the deferred input VAT amounting to ₱5,144,460.88 and bond already refunded by BOC amounting to ₱1,075,123.00, or in the aggregate amount of ₱6,219,583.88, petitioner is already amenable to these disallowances.[151]

Eighth requisite: A portion of the input taxes claimed by petitioner are attributable to zero-rated or effectively zero-rated sales.

The *eighth* requisite is that the input VAT claimed is attributable to zero-rated or effectively zero-rated sales. However, where there are both zero-rated or effectively zero-rated sales and taxable or exempt sales, and the input taxes cannot be directly and entirely attributable to any of these sales, the input taxes shall be proportionately allocated based on sales volume.

[151] *Petition for Review*, Docket – Vol. I, at pp. 32 and 33.

As discussed earlier, petitioner declared in its Amended Quarterly VAT returns for the period covering April 1, 2017 to March 31, 2018 a total sales of ₱36,785,576,550.64 consisting of VAT-subject sales amounting to ₱2,660,376,823.43, zero-rated sales amounting to ₱33,665,195,868.50, and exempt sales amounting to ₱460,003,858.71.

However, since petitioner's valid input VAT for the same quarter in the total amount of ₱1,427,882,814.27[152] cannot be identified to specific sales, this Court shall proportionately allocate the said input VAT based on the volume of petitioner's sales, thus:

Total Zero-Rated Sales per VAT Returns	₱ 33,665,195,868.50
Divided by the Reported Total Sales per Quarterly VAT Returns	₱ 36,785,576,550.64
Multiplied by Total Valid Input VAT	₱ 1,427,882,814.27
Valid input VAT allocated to total zero-rated sales	**₱ 1,306,760,940.76**

Total VATable Sales per VAT Returns	₱ 2,660,376,823.43
Divided by the Reported Total Sales per Quarterly VAT Returns	₱ 36,785,576,550.64
Multiplied by Total Valid Input VAT	₱ 1,427,882,814.27
Valid input VAT allocated to VATable sales	**₱ 103,266,190.23**

Total Exempt Sales per VAT Returns	₱ 460,003,858.71
Divided by the Reported Total Sales per Quarterly VAT Returns	₱ 36,785,576,550.64
Multiplied by Total Valid Input VAT	₱ 1,427,882,814.27
Valid input VAT allocated to Exempt sales	**₱ 17,855,683.29**

Thus, with regard to petitioner's compliance with the *eighth* requisite, only the amount of ₱1,306,760,940.76 represents its valid input VAT attributable to the total declared zero-rated for the subject period of the claim.

Ninth requisite: Petitioner's input taxes have not been applied against output taxes during and in the succeeding quarters

[152] To properly determine petitioner's refundable amount, we shall consider the valid input VAT in its entirety, *i.e.*, the total valid input VAT as per BIR's findings (₱1,422,392,553.50) and this Court's findings (₱5,490,260.77).

As regards the *ninth* requisite, petitioner reported output taxes from its taxable sales for the 1st to 4th quarter of FY 2018 in the aggregate amount of ₱319,245,218.80, to wit:

FY ending March 2018	**Output VAT**
1st Quarter[153]	₱ 57,947,061.26
2nd Quarter[154]	63,669,011.29
3rd Quarter[155]	131,774,115.09
4th Quarter[156]	65,855,031.16
Total	**₱ 319,245,218.80**

In the recent case of *Chevron Holdings, Inc. (Formerly Caltex Asia Limited) vs. Commissioner of Internal Revenue,*[157] the Supreme Court held that the input tax attributable to zero-rated sales, may, at the option of the VAT-registered taxpayer, be: (1) charged against output tax from regular 12% VAT-able sales, and any unutilized or "excess" input tax may be claimed for refund or the issuance of tax credit certificate; or (2) claimed for refund or tax credit in its entirety, and such option is vested with the taxpayer-claimant, to wit:

> "Thus, the input tax attributable to zero-rated sales may, **at the option of the VAT-registered taxpayer**, be: (1) charged against output tax from regular 12% VAT-able sales, and any unutilized or "excess" input tax may be claimed for refund of the issuance of tax credit certificate; **or** (2) claimed for refund or tax credit in its entirety. It must be stressed that the **remedies of charging the input tax against the output tax and applying for a refund or tax credit are alternative and cumulative.** Furthermore, **the option is vested with the taxpayer-claimant**. ..." *[Emphases and underscoring supplied.]*

Applying the foregoing, records show that petitioner chose the ***first*** option, *i.e.,* it computed its claim for refund in the aggregate amount of ₱1,218,800,809.92 by offsetting its output tax from the regular VATable sales against its available input taxes for the 1st to 4th quarters of FY ending March 2018, as shown hereafter:

[153] Line 15B, Exhibit "P-450-a".
[154] Line 15B, Exhibit "P-450-e".
[155] Line 15B, Exhibit "P-450-g".
[156] Line 15B, Exhibit "P-450-k".
[157] G.R. No. 215159. July 5, 2022.

	Input Tax
Local purchases of goods and services	₱ 1,170,383,483.03
Importation	317,727,043.40
Service rendered by Non-Residents	39,022,982.10
Government Transactions	40,077.44
Amortization of Input Tax on Capital Goods	10,872,442.76
Less: Output Tax	(319,245,218.80)
Net VAT Refund	**₱ 1,218,800,809.92**

It is clear from the foregoing that petitioner opted to claim a refund of its unutilized or "excess" input tax, which is the amount after charging the input tax allocated to zero-rated sales against its output tax liabilities.

Following the same computation, since petitioner's valid input VAT allocated to sales subject to the 12% VAT in the amount of ₱103,266,190.23, as earlier determined, is not enough to cover its output VAT liability amounting to ₱319,245,218.80, the output VAT still due amounting to ₱215,979,028.57 shall then be charged against its valid input VAT attributable to total reported zero-rated sales of ₱1,306,760,940.76, leaving an excess input VAT attributable to total zero-rated sales of ₱1,090,781,912.18, as herein computed:

Output VAT	₱ 319,245,218.80
Less: Valid Input VAT allocated to sales subject to 12% VAT	103,266,190.23
Output VAT Still Due	**₱ 215,979,028.57**

Valid input VAT allocated to zero-rated sales	₱ 1,306,760,940.76
Less: Output VAT Still Due	215,979,028.57
Excess Input VAT attributable to zero-rated sales	**₱ 1,090,781,912.18**

However, as discussed earlier, petitioner was able to properly substantiate only the total amount of ₱31,384,368,317.33 out of its total declared zero-rated sales of ₱33,665,195,868.50. Consequently, only the input VAT of ₱1,016,881,096.42 is attributable to the said valid zero-rated sales of ₱31,384,368,317.33, as computed below:

Excess Input VAT attributable to total reported zero-rated sales	**₱ 1,090,781,912.18**
Divided by Total Reported Zero-rated sales	₱ 33,665,195,868.50
Multiplied by Valid zero-rated sales	₱ 31,384,368,317.33
Excess Input VAT attributable to valid zero-rated sales	**₱ 1,016,881,096.42**

However, since respondent had already issued a TCC in the amount of ₱893,529,266.59 in favor of petitioner for its input VAT on domestic purchases, the said amount of ₱893,529,266.59 shall be offset against the valid input VAT attributable to zero-rated sales of ₱1,016,881,096.42, as found by this Court, to determine the amount of input VAT still to be refunded to petitioner.

Thus, for the 1st to 4th quarters of FY 2018, petitioner is still entitled to the refund of the amount of ₱123,351,829.83 (₱1,016,881,096.42 less ₱893,529,266.59).

Although petitioner carried over the claimed amount of ₱1,218,800,809.92 in its succeeding quarters/period, the same remained unutilized until it was deducted as "VAT Refund/TCC claimed"[158] in its Quarterly VAT Return for the 4th quarter of FY ending March 2019, *albeit*, only in the amount of ₱1,199,574,775.84, since the discrepancy of which amounting to ₱19,226,034.08[159] pertains to input VAT allocable to exempt sales which were already deducted and do not anymore form part of the petitioner's allowable input tax to be carried over, as disclosed in its VAT Returns for the 1st to 4th quarters of FY ending March 2018. Accordingly, the subject claim no longer formed part of the excess input VAT of ₱1,332,824,668.48 as of the end of the 4th quarter of FY ending March 2019, to be carried over to the next quarters. Such being the case, the excess valid input VAT of ₱123,351,829.83 was not utilized or applied against any output tax liability during the 1st quarter of FY 2020 and in the succeeding quarters.

[158] Exhibit "P-450-m", Line 23D.

[159]

FY ending March 2018	Input Tax allocable to Exempt Sales	Exhibit (Line 23C)
1st Quarter	₱ 3,387,096.62	"P-450-a"
2nd Quarter	3,879.258.45	"P-450-e"
3rd Quarter	6,174,493.83	"P-450-g"
4th Quarter	5,785,185.18	"P-450-k"
Total	**₱ 19,226,034.08**	

In fine, petitioner was able to satisfy the *ninth* requisite and has sufficiently proven its entitlement to the refund or issuance of TCC in the amount of ₱123,351,829.83, representing excess and unutilized input VAT attributable to its zero-rated sales for the 1st to 4th quarters of FY ending March 2018.

Respondent's imposition of a compromise penalty is not proper.

Respondent imposed compromise penalty amounting to ₱12,500.00 for failure to supply the correct information and deducted the same from petitioner's input VAT claim.

Petitioner argues that it cannot be compelled to pay the compromise penalty since a compromise agreement implies a mutual agreement between the parties regarding the thing or subject matter that is so compromised, and the choice of paying or not paying it distinctly belongs to the taxpayer.

This Court agrees with petitioner.

Under Revenue Memorandum Order ("**RMO**") No. 7-2015,[160] compromise penalties are the only amounts suggested in settlement of criminal liability. They may not be imposed or exacted on the taxpayer if a taxpayer refuses to pay the proposed compromise penalties. It is well-settled that the Court has no jurisdiction to compel a taxpayer to pay the compromise penalty because, by its very nature, it implies a mutual agreement between the parties with respect to the thing or subject matter which is so compromised, and the choice of paying or not paying it distinctly belongs to the taxpayer.[161] Absent a showing that petitioner consented to the compromise penalty herein, its imposition should be deleted. The imposition of the same without the conformity of the taxpayer is illegal and unauthorized.[162]

Hence, there being no compromise agreement between the parties in the instant case, the compromise penalty imposed by respondent should be cancelled.

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[160] The Revised Consolidated Schedule of Compromise Penalties for Violations of the National Internal Revenue Code.
[161] *The Philippines International Fair, Inc. vs. The Collector of Internal Revenue, et. al.*, G.R. L-1298 and L-12932, March 31, 1962, 4 SCRA 781.
[162] *Commissioner of Internal Revenue v. Lianga Bay Logging Co., Inc.*, G.R. L-35266, January 21, 1991, 193 SCRA 92-93.

Final note

An applicant for a tax refund or tax credit must not only prove entitlement to the claim but also comply with all the documentary and evidentiary requirements, such as VAT invoicing requirements provided by tax laws and regulations.[163] Well-settled is the rule that tax refunds or credits are strictly construed against the taxpayer, just like tax exemptions. The burden is on the taxpayer to show that he has strictly complied with the conditions for the grant of the tax refund or credit.[164]

However, once the requirements laid down by the NIRC of 1997, as amended, have been met, a claimant should be considered successful in discharging its burden of proving its right to refund. Thereafter, the burden of going forward with the evidence, as distinct from the general burden of proof, shifts to the opposing party, the respondent. It is then the turn of the latter to disprove the claim by presenting contrary evidence.[165]

WHEREFORE, in light of the foregoing, the instant *Petition for Review* is **PARTIALLY GRANTED**.

Accordingly, respondent is **ORDERED TO REFUND OR ISSUE A TAX CREDIT CERTIFICATE** in favor of petitioner in the additional amount of One Hundred Twenty-Three Million Three Hundred Fifty-One Thousand Eight Hundred Twenty-Nine Pesos and Eighty-Three Centavos (₱123,351,829.83), representing petitioner's excess and unutilized input VAT attributable to its zero-rated sales for the 1st to 4th quarters of FY ending March 2018.

SO ORDERED.

LANEE S. CUI-DAVID
Associate Justice

I CONCUR:

(With Separate Opinion)
JEAN MARIE A. BACORRO-VILLENA
Associate Justice

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[163] *Philippine Gold Processing and Refining Corp. vs. Commissioner of Internal Revenue*, G.R. No. 222904 (Notice), July 15, 2020.
[164] *Commissioner of Internal Revenue vs. San Roque Power Corp.*, G.R. Nos. 187485, 196113 & 197156, 12 February 2013, 703 SCRA 310-434
[165] Winebrenner & Iñigo Insurance Brokers, Inc. v. Commissioner of Internal Revenue, G.R. No. 206526, January 28, 2015, 752 SCRA 375-412.

ATTESTATION

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

JEAN MARIE A. BACORRO-VILLENA
Associate Justice
2nd Division Acting Chairperson

CERTIFICATION

Pursuant to Section 13 of Article VIII of the Constitution, and the 2nd Division Acting Chairperson's Attestation, it is hereby certified that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ROMAN G. DEL ROSARIO
Presiding Justice

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
Quezon City

SPECIAL SECOND DIVISION

DOLE PHILIPPINES, INC., Petitioner,	**CTA Case No. 10212**
	Members:
- versus -	**BACORRO-VILLENA,** *Acting Chairperson* **CUI-DAVID,** *JJ.*
COMMISSIONER OF INTERNAL REVENUE, Respondent.	Promulgated: JUN 13 2023 3:41 p.m.

x - - -

1. Determine the amount of substantiated or valid input VAT;

2. Deduct from the substantiated or valid input VAT any input VAT directly attributable to a specific activity to arrive at the substantiated or valid input VAT not attributable to any activity;

3. Multiply the substantiated or valid input VAT not attributable to any activity by the ratio of Valid Zero-Rated Sales over Total Sales to determine the amount of substantiated or valid input VAT attributable to zero-rated sales;

4. Add to the amount computed in no. 3 any substantiated or valid input VAT directly attributable to zero-rated sales to arrive at the total substantiated or valid input VAT attributable to zero-rated sales; and,

5. Deduct from the total substantiated or valid input VAT attributable to zero-rated sales any input VAT already charged by the taxpayer-claimant against its output VAT liability and any input VAT carried-over instead.

Applying the foregoing steps, I forward and submit the following illustration thereof, to wit:

Step 1- It is observable from the Decision that the amount of substantiated or valid input VAT is ₱1,427,882,814.27.

Step 2- No input VAT is directly attributable to a specific activity.
Step 3- The amount of substantiated or valid input VAT attributable to zero-rated sales is computed as follows:

Total Valid Zero-Rated Sales	₱31,384,368,317.33
Divided by the Reported Total Sales *per* Quarterly VAT Returns	36,785,576,550.64
Multiplied by Total Valid Input VAT	1,427,882,814.27
Valid input VAT allocated to total valid zero-rated sales	**₱1,218,227,478.24**

Step 4- No input VAT is directly attributable to a specific activity.
Step 5- Refundable amount is:

Output VAT		₱319,245,218.80
Total VATable Sales *per* VAT Returns	₱2,660,376,823.43	
Divided by the Reported Total Sales per Quarterly VAT Returns	36,785,576,550.64	

Multiplied by Total Valid Input VAT	1,427,882,814.27	
Valid input VAT allocated to VATable sales		103,266,190.23
VAT paid *per* VAT Returns		-
Input VAT attributable to zero-rated sales that was effectively applied against the output VAT		**₱215,979,028.57**

Valid input VAT allocated to total valid zero-rated sales	₱1,218,227,478.24
Less: Input VAT attributable to zero-rated sales that was effectively applied against the output VAT	215,979,028.57
Valid and substantiated input VAT that found to be unutilized and should be refundable	**₱1,002,248,449.67**
Less: Already supported by a tax credit certificate (TCC)	893,529,266.59
Amount still to be refunded	**₱108,719,183.08**

In contrast, the *ponencia* computed a refundable amount of ₱123,351,829.83 in the following manner:

Output VAT	₱319,245,218.80
Less: Valid Input VAT allocated to sales subject to 12% VAT	103,266,190.23
Output VAT Still Due	**₱215,979,028.57**
Valid input VAT allocated to zero-rated sales	₱1,306,760,940.76
Less: Output VAT Still Due	215,979,028.57
Excess Input VAT attributable to zero-rated sales	**₱1,090,781,912.18**
Excess input tax attributable to total reported zero-rated sales	₱1,090,781,912.18
Divided by total reported zero-rated sales	33,665,195,868.50
Multiplied by valid zero-rated sales	31,384,368,317.33
Excess input tax attributable to valid zero-rated sales	**₱1,016,881,096.42**
Less: Already supported by a tax credit certificate (TCC)	893,529,266.59
Amount still to be refunded	**₱123,351,829.83**

From the above, the difference resulted from the treatment of the "Input VAT attributable to zero-rated sales that was effectively applied against the output VAT" or "Output VAT Still Due" amounting to ₱215,979,028.57.

With due respect, I submit that such amount should be deducted from the valid input VAT allocated to **total *valid* zero-rated sales** and *not* just from the valid input VAT allocated to **total zero-rated sales**.

It must be noted that the option of the VAT-registered taxpayer on whether to charge against output tax from regular 12% VAT-able sales and any unutilized or "excess" input tax may be claimed for refund or the

issuance of tax credit certificate, or whether to claim for refund or tax credit in its entirety, *only* applies to substantiated input tax attributable to **valid zero-rated sales**. This can be gleaned from the following computation of the Supreme Court in *Chevron*[3], citing Section 4.110-4[4] of RR No. 16-2005[5], as amended by RR No. 4-2007[6]:

> ...
>
> Thus, **the refundable input VAT is computed by getting the percentage of valid zero-rated sales over total reported sales (taxable, zero-rated, and exempt)** multiplied by the properly substantiated input taxes not directly attributable to any of the transactions.
>
> ...

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3 Supra at note 2; Citation omitted and emphasis supplied.

4 SEC. 4.110-4. *Apportionment of Input Tax on Mixed Transactions.* — . . .
...

Illustration: ERA Corporation has the following sales during the month:

Sale to private entities subject to 12%	₱ 100,000.00
Sale to private entities subject to 0%	100,000.00
Sale of exempt goods	100,000.00
Sale to gov't. subjected to 5% final VAT Withholding	100,000.00
Total Sales for the month	₱ 400,000.00

The following input taxes were passed on by its VAT suppliers:

Input tax on taxable goods 12%	₱ 5,000.00
Input tax on zero-rated sales	3,000.00
Input tax on sale of exempt goods	2,000.00
Input tax on sale to government	4,000.00
Input tax on depreciable capital good **not attributable** to any specific activity (monthly amortization for 60 months)	**20,000.00**

...

B. *The input tax attributable to zero-rated sales for the month shall be computed as follows*:

Input tax directly attributable to zero-rated sale		— ₱	3,000.00
Ratable portion of the input tax not directly attributable to any activity:			
Taxable sales (0%) / Amount of Total Sales	x **Input tax not directly attributable to any activity**		
P100,000.00 / 400,000.00	x P20,000.00	— ₱	5,000.00
Total input tax attributable to zero-rated sales for the month		₱	8,000.00

5 Consolidated Value-Added Tax Regulations of 2005.

6 Amending Certain Provisions of Revenue Regulations No. 16-2005, As Amended, Otherwise Known as the Consolidated Value-Added Tax Regulations of 2005, Revenue Regulations No. 04-07.

Accordingly, Chevron Holdings is entitled to the refund of unutilized input tax allocable to its zero-rated sales for January 1 to December 31, 2006, in the total amount of ₱1,140,381.22, 103 computed as follows:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Valid Zero-Rated Sales	5,762,011.70	4,669,743.23	66,091,331.71	79,131,661.58
Divided by: Total reported sales	313,164,583.06	272,400,438.61	299,500,840.65	501,152,183.16
Multiplied by: Valid input tax not directly attributable to any activity	1,276,656.14	1,650,503.65	1,860,385.53	4,294,269.68
Input tax attributable to zero-rated sales	23,489.59	28,294.48	410,534.26	678,062.88
TOTAL				**₱1,140,381.22**

...

All told, I vote to **PARTIALLY GRANT** petitioner Dole Philippines, Inc.'s Petition for Review and **ORDER** respondent Commissioner of Internal Revenue to refund the recomputed amount of **₱108,719,183.08**.

JEAN MARIE A. BACORRO-VILLENA
Associate Justice