REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

FORD GROUP PHILIPPINES, INC., *Petitioner,*	**CTA EB No. 2972** (CTA Case No. 10067)
	Present:
-versus-	**RINGPIS-LIBAN,** *PJ* **BACORRO-VILLENA, MODESTO-SAN PEDRO, REYES-FAJARDO, CUI-DAVID, FERRER-FLORES,** and, **ANGELES,** *JJ.*
COMMISSIONER OF INTERNAL REVENUE, *Respondent.*	Promulgated: JAN 08 2026 2:35 pm

x---x

DECISION

REYES-FAJARDO, *J.*:

This resolves the Petition for Review[1] dated September 5, 2024, assailing the Decision[2] dated May 8, 2024 and Resolution[3] dated August 2, 2024, both rendered by the Court of Tax Appeals – Second Division in CTA Case No. 10067. The assailed Decision and Resolution wholly denied Ford Group Philippines, Inc.'s refund claim of excess and unutilized Creditable Withholding Taxes (CWT) covering Taxable Year (TY) 2016.

First, the facts.

---

1 *Rollo,* pp. 7-30.
2 *Id.* at pp. 33-55.
3 *Id.* at pp. 57-62.

Petitioner Ford Group Philippines, Inc. is registered with the Securities and Exchange Commission as the Philippine Branch Office of Ford Group Philippines, Inc. (formerly, FGP, Incorporated), a foreign corporation organized and existing under the laws of the State of Delaware, United States of America. Its principal place of business is located at 8th Floor, Filinvest One Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City. Petitioner is engaged in wholesale distribution and importation of automotive vehicles, parts and components and the provision of services relating to the same. It is also registered with the Bureau of Internal Revenue (BIR) with Taxpayer's Identification No. 206-377-654-00000.

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.

On April 11, 2017, petitioner filed its Annual Income Tax Return (BIR Form No. 1702-RT) for TY 2016 (2016 AITR), which reflected the following Tax Credits/Payments:

Schedule 7 – Tax Credits/Payments	
Prior Year's Excess Credits Other Than Minimum Corporate Income Tax (MCIT)	₱313,662,410.00
Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	282,919,773.00
Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	82,671,283.00
Total Tax Credits/Payments	**₱679,253,466.00**

Petitioner's 2016 Annual ITR also reflected an overpayment of ₱636,729,959.00, computed as follows:

Part II – Total Tax Payable	
Total Income Tax Due (Overpayment)	₱42,523,507.00
Less: Total Tax Credits/Payments	679,253,466.00
Total Amount Payable (Overpayment)	**₱636,729,959.00**

Petitioner's 2016 Annual ITR likewise marked the option *"To be refunded"* for said overpayment.

On April 5, 2019, petitioner filed with the BIR an Application for Tax Credits/Refunds (BIR Form No. 1914) and letter of even date requesting for a refund of its excess CWTs for calendar year 2016 in the amount of ₱365,591,056.00.

On April 11, 2019, petitioner filed a Petition for Review, docketed as CTA Case No. 10067.

By assailed Decision[4] dated May 8, 2024, the Court of Tax Appeals - Second Division (CTA in Division) found that petitioner elected the option "to be refunded" in its 2016 Annual ITR. Further, petitioner filed its administrative and judicial claims for CWT refund, within the prescribed periods under Section 204(C) and 229 of the 1997 National Internal Revenue Code (NIRC), as amended. In addition, of the ₱365,591,056.00 being claimed as CWT refund for TY 2016, ₱365,500,838.24 are properly supported with Certificates of Withholding (BIR Form No. 2307). However, petitioner fell short in proving that the income payments subjected to CWT were reported as part of its gross income in its 2016 AITR; precisely, CTA Case No. 10067 was disposed, as follows:

> **WHEREFORE**, premises considered, the present *Petition for Review* is **DENIED** for lack of merit.
>
> **SO ORDERED.**

Petitioner moved,[5] but failed[6] to secure a reversal of the assailed Decision; hence, the present[7] recourse.

Petitioner states that it reported in its 2016 AITR ₱40,517,011,631.00 as gross income; of which, ₱36,609,777,581.00 was subjected to CWT. The difference of ₱3,907,234,050.00 (₱40,517,011,631.00 less ₱36,609,777,581.00) pertain to sales not subject to withholding tax and timing difference in recognition of sales, following its reconciliation.[8]

---

4 *Supra* note 2.
5 Petitioner's Motion for Reconsideration. Docket (CTA Case No. 10067), pp. 1179-1189.
6 *Supra* note 3.
7 *Supra* note 1.
8 See paragraph 25 and 27, Petition for Review. *Rollo,* pp. 20-22.

Petitioner then puts premium on the following findings of Independent Certified Public Accountant Atty. Conrado M. Briones (ICPA Briones): (1) the difference between the revenues per 2016 AITR (₱40,517,011,631.00), and 2016 AFS and General Ledger (GL) (₱40,517,011,000.00) amounting to ₱631.00, was due to rounding-off of figures; and (2) "[t]he petitioner declared the equivalent value of the total income payments reflected on the CWT certificates as part of the total revenue in the filed Annual ITR for the taxable year 2016."

With the foregoing observations, coupled with its presentation of Summary of Alphalist of Withholding Agents of Income Payments Subjected to Tax Withheld at Source (SAWT), Schedule of Creditable Withholding Tax Certificates for the Calendar Year Ended December 31, 2016 (2016 Schedule - CWT Certificates),[9] testimony of Jo-Anne T. Matias (Matias) and findings of ICPA Briones, 2016 AITR, 2016 GL, petitioner theorizes since the total amount of income payments declared per CWT Certificates (₱36,609,777,581) is smaller than the total amount of revenues reported in the AITR (₱40,517,011,631), the income of ₱36,609,777,581 related to the claimed CWTs formed part of the total sales of ₱40,517,011,631 declared in the 2016 AITR.

Considering further that the *other* conditions for entitlement to CWT refund were complied with, petitioner declares that the CTA in Division committed reversible error in entirely rejecting its CWT Refund claim for TY 2016.

On the other hand,[10] respondent chiefly retorts that the CTA in Division is correct in rejecting petitioner's CWT refund claim because it failed to establish that the income subjected to CWT were reported as part of its gross income in its 2016 AITR.

RULING

The Petition fails.

One of the conditions for the successful prosecution of a CWT refund is that the income from which creditable taxes were withheld

---

9 Exhibit "P-24." A tabular presentation was cited by petitioner in pages 10-17 of the Petition.

10 Respondent's Comment/Opposition (Re: Petition for Review dated September 5, 2024). *Rollo*, pp. 68-75.

be reported in the AITR of the income payee-refund claimant. Section 58(D) of the NIRC, as amended, is explicit:

> **Section 58.** *Returns and Payment of Taxes Withheld at Source.* –
>
> ...
>
> (D) *Income of Recipient.* - **Income upon which any creditable tax is required to be withheld at source under Section 57 shall be included in the return of its recipient but the excess of the amount of tax so withheld over the tax due on his return shall be refunded to him [or her] subject to the provisions of Section 204;** if the income tax collected at source is less than the tax due on his [or her] return, the difference shall be paid in accordance with the provisions of Section 56.[11]

Here, petitioner's AITR[12] for TY 2016 reported total sales amounting to ₱40,517,011,631.00. This essentially coincides[13] with petitioner's revenue/sales account in its GL[14] for TY 2016, the particulars of which are as follows:

Account Description	Account Balance
DELIVERY & TRUCKING (23A01A00_IFDT)	₱ (125,764,790.70)
Rev Veh-Dealer Gross.	(40,425,466,458.99)
ADM-MKTG-OTHERS (23A01A21_VROT)	8,237,265.31
ADM-RETAIL VAR.MKTG EXP (23A01A1_VRRE)	522,808,418.55
Rev Veh-Var Mktg Retail.	17,845,539.03
ADM-FLEET VAR.MKTG EXP (23A01A23_VRFL)	26,012,982.11
Rev Veh-Var Mktg Fleet.	93,035.71
Var Marketing wholesale (23A01B21_VRWS)	321,363,414.67
Rev P&A-Dealers Gross.	(1,006,361,294.69)
Harmonised Remuneration Scheme (23A55GOO_ERA)	(160,231.27)
Rev P&A interco	(9,677,835.67)
O/Ded-Sundry-Other	86,783,932.19
COS-Customer Appreciation	67,274,392.32
Total	**₱(40,517,011,631.43)**

Yet, as aptly found by the CTA in Division, there is no proof as to the *specific* items of revenue/income comprising *each*

11 Boldfacing ours.
12 Exhibit "P-6-D" (Line 30, Part IV — Computation of Tax), Docket (CTA Case No. 10067), p. 820.
13 Save for a difference of 43 Centavos.
14 Pages 2 and 3, Exhibit "P-31."

[initials]

revenue/sales account in petitioner's 2016 GL. Considering that petitioner's 2016 AITR is rooted on its 2016 GL, it cannot be ascertained whether the income payments subjected to CWT by the income payors-withholding agents, were reported as petitioner's gross income in its 2016 AITR. For this reason, petitioner's CWT refund for TY 2016 was correctly denied in its entirety.

Petitioner puts premium on the statements of witness Matias and conclusions of ICPA Briones, along with its SAWT and 2016 Schedule - CWT Certificates to shore up its stance that it reported the income subject to CWT in its 2016 AITR. Yet, these pieces of evidence leave much to be desired. Consider:

First. True, the bulk of petitioner's postulation is based on ICPA Briones' findings. Equally true is that ICPA Briones' findings were accepted in part by the CTA in Division. However, just because ICPA Briones concluded that "[t]he petitioner declared the equivalent value of the total income payments reflected on the CWT certificates as part of the total revenue in the filed Annual ITR for the taxable year 2016,"[15] would mean that the CTA in Division is bound to take it hook, line, and sinker. To underscore, ICPA Briones' findings are recommendatory, rather than compulsory, and is subject to further validation by the CTA in Division. Section 3, Rule 13 of the Revised Rules of the Court of Tax Appeals acknowledged:

> SEC. 3. *Findings of independent CPA.* — The submission by the independent CPA of pre-marked documentary exhibits shall be subject to verification and comparison with the original documents, the availability of which shall be the primary responsibility of the party possessing such documents and, secondarily, by the independent CPA. **The findings and conclusions of the independent CPA may be challenged by the parties and shall not be conclusive upon the Court, which may, in whole or in part, adopt such findings and conclusions subject to verification.**[16]

The CTA in Division's further validation reveals that there was no proof as to the *specific* items of revenue/income comprising *each* revenue/sales account in petitioner's 2016 GL. *A fortiori*, the condition that the income subjected to CWT was reported as gross income in the AITR may *not* be determined with certainty. *Ergo*, the

[15] Page 7, ICPA Report (Exhibit "P-17"). Docket (CTA Case No. 10067), p. 624.
[16] Boldfacing ours.

CTA in Division may not be faulted in snubbing ICPA Briones' finding, insofar as said condition is concerned.

Second. Petitioner, too, heavily relied on its 2016 Schedule - CWT Certificates.[17] However, the same could *not* possibly show that the pertinent income subjected to CWT were reported in petitioner's 2016 AITR. We quote with approbation the CTA in Division's painstaking discussion on the matter:

> Moreover, as to petitioner's claimed Exhibit "P-24" or the Details of Income Payments Reflected in the Certificates of Creditable Withholding Taxes for the Calendar Year Ended December 31, 2016, examination of which only shows the following details, *viz.*:

Return Period per BIR Form 2307		Payor Name per BIR Form No. 2307	ATC per BIR Form No. 2307	Amount of Income Payment per BIR Form No. 2307
From	To			

> From the foregoing schedule, the Court [in Division] is at a quandary on how it could trace the income payments enumerated therein to the revenue/net sales account balances in the GL since, as earlier stated, no detailed listing or breakdown were provided to clearly show that the income payments were recorded into or forms part of the revenue/net sales account balances in the GL. Again, without a detailed tracing of the income payments to the GL, the Court [in Division] cannot ascertain whether the income payments corresponding to the substantiated CWTs claimed were indeed included in the declared revenue per petitioner's AITR for 2016.[18]

Third. Petitioner's claim that since the total amount of income payments declared per CWT Certificates (₱36,609,777,581.00) is smaller than the total amount of revenues reported in its 2016 AITR (₱40,517,011,631.00), the income of ₱36,609,777,581.00 related to the claimed CWTs formed part of the total sales of ₱40,517,011,631.00 declared in its 2016 AITR, is simply an assumption, and *not* a fact. The reason—there is dearth of proof showing the breakdown of each revenue/sales account found in petitioner's 2016 GL. Indeed, an assumption cannot be used as basis in deciding a case or in granting relief.[19]

---

17 Exhibit "P-24."

18 Page 5, assailed Resolution dated August 2, 2024. *Rollo*, p. 61.

19 See *Spouses Guidangen v. Wooden*, G.R. No. 174445, February 15, 2012.

Fourth. *Commissioner of Internal Revenue v. Far East Bank & Trust Company (now Bank of the Philippine Islands)*[20] pronounced that "... [s]ince tax refunds partake of the nature of tax exemptions, which are construed *strictissimi juris* against the taxpayer, evidence in support of a claim must likewise be *strictissimi* scrutinized and duly proven." Petitioner turned deaf to this pronouncement.

WHEREFORE, the Petition for Review dated September 5, 2024, filed by the Ford Group Philippines, Inc. is **DENIED**, for lack of merit. The Decision dated May 8, 2024 and Resolution dated August 2, 2024, rendered by the Court of Tax Appeals - Second Division in CTA Case No. 10067 are **AFFIRMED**.

SO ORDERED.

Marian Ivy F. Reyes - Fajardo
MARIAN IVY F. REYES-FAJARDO
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

ON LEAVE
MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

LANEE S. CUI-DAVID
Associate Justice

---

20 G.R. No. 173854, March 15, 2010.

ON LEAVE
CORAZON G. FERRER-FLORES
Associate Justice

HENRY S. ANGELES
Associate Justice

CERTIFICATION

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

Ma. Belen M. —

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice