REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL THIRD DIVISION

STEFANINI PHILIPPINES INC.,
Petitioner,

-versus-

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA Case No. 10920

Present:

REYES-FAJARDO,
Chairperson, and
ANGELES, JJ.

Promulgated:
APR 13 2026
11:50 a.m.

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RESOLUTION

ANGELES, *J.*:

This resolves petitioner's *Motion for Reconsideration (Re: Decision dated March 25, 2025)* filed on April 14, 2025, with respondent's *Comment and Opposition (Re: Motion for Reconsideration dated 14 April 2025)* filed on May 5, 2025.

Petitioner moves for reconsideration and reversal of the Decision promulgated by the Third Division on March 25, 2025 (assailed Decision), the dispositive portion of which states:

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

Petitioner argues that it has long been established that cases filed before the CTA are litigated *de novo*, and that as a court of record, the CTA is mandated to conduct a formal trial where the party litigants must present their evidence to prove each and every aspect of their case. Petitioner contends that even in the exercise of its appellate jurisdiction, the CTA is not precluded from considering evidence that was not presented at the administrative level. Petitioner emphasizes that there is no distinction between the authority of the CTA to receive and consider evidence in the exercise of its original jurisdiction, from its authority to do the same in the exercise of its appellate jurisdiction.

In relation to cases involving refund of input taxes, petitioner cites several CTA cases which allegedly ruled that the CTA may consider all the evidence presented to it by taxpayer-claimants, even if their claims for refund were fully denied at the administrative level.

Petitioner also argues that *Pilipinas Total Gas, Inc. v. CIR* (Total Gas)[1] does not apply to the present case, as the essential facts which led to the relevant discussion in *Total Gas* are completely different from those in this case. As such, the construction and application by the Court of *Total Gas* are misplaced, and will lead to injustice to taxpayer-claimants.

Petitioner further asseverates that the requirements for judicial and administrative claims for refund are not the same. It avers that the determination of whether the Commissioner of Internal Revenue (CIR) erred in denying the claim should not be confined to checklists of documentary requirements under revenue issuances of the BIR, but to the law and jurisprudential pronouncements on the requirements for refund claims.

Petitioner adds that even if *Total Gas* may be applied to the present case, petitioner was able to discharge its burden of proving that the documents submitted by petitioner before the Court were the same documents it submitted to the BIR, per the testimony of its witness, Ms. Jeanina B. Pepito.

Petitioner likewise argues that it has sufficient evidence to establish that it was engaged in zero-rated sales for the 1st quarter of calendar year (CY) 2020. It states that: **(1)** the Court could verify and validate the apostille attached to the Certificate of Incorporation through the quick response (QR) code found on the face of the said apostille which would direct it to the website containing the relevant information in English translation; **(2)** the *Agreement for Services* extending the period of coverage from September 1, 2019 to August 31, 2021 was offered and marked by the Independent Certified Public Accountant (ICPA) during trial; and **(3)** the Court should consider the totality of the evidence which would reveal that the zero-rated official receipts (ORs) issued to nonresident foreign affiliate entities for the 1st quarter of CY 2020 exclusively pertain to services rendered by petitioner and nothing else.

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[1] G.R. No. 207112, December 8, 2015.

On the other hand, respondent counters that petitioner raised no points of contention that would warrant a reversal of the assailed Decision.

Respondent reiterates that based on the *Memorandum Report* dated May 18, 2022 by the VAT Credit Audit Division (VCAD), petitioner failed to substantiate its claim for refund and refute the disallowances as reflected in the said *Report*. Moreover, based on the *Memorandum Report* dated June 8, 2022 by the Tax Audit Review Division (TARD), petitioner failed to present any evidence that would warrant the reversal of the reduction of its claim for refund.

Respondent asserts that petitioner has the burden of proof to refute the findings observed in the administrative evaluation of supporting documents conducted by the BIR, and to establish the factual basis of its claim for refund, as tax refunds, like tax exemptions, are construed strictly against the taxpayer.

After due consideration, the Court finds petitioner's Motion for Reconsideration bereft of merit.

The pronouncement of the Supreme Court in the Total Gas case on the required proof in appeals of unsuccessful administrative claims, applies to this case

The ruling of the Supreme Court in *Atlas Consolidated Mining and Development Corp. v. Commissioner of Internal Revenue* (Atlas)[2] on the nature of proceedings before the CTA for judicial claims for refund or tax credit, is crystal clear. The pertinent portion of the said ruling is reproduced, to wit:

> **First, a judicial claim for refund or tax credit in the CTA is by no means an original action but rather an *appeal* by way of petition for review of a previous, unsuccessful administrative claim. Therefore, as in every appeal or petition for review, a petitioner has to convince the appellate court that the quasi-judicial agency *a quo* did not have any reason to deny its claims.** In this case, it was necessary for petitioner to show the CTA not only that it was entitled under substantive law to the grant of its claims but also that it satisfied all the documentary and evidentiary requirements for an administrative claim for refund or tax credit. **Second, cases filed in the CTA are**

[2] G.R. No. 145526, March 16, 2007.

> **litigated *de novo*. Thus, a petitioner should prove every minute aspect of its case by presenting, formally offering and submitting its evidence to the CTA.** Since it is crucial for a petitioner in a judicial claim for refund or tax credit to show that its administrative claim should have been granted in the first place, **part of the evidence to be submitted to the CTA must necessarily include whatever is required for the successful prosecution of an <u>administrative</u> claim.** *(Emphasis supplied)*

It can be readily seen from the above-cited case that "cases filed before the CTA are litigated *de novo*" only means that petitioner may and should prove every minute aspect of its case by presenting, formally offering and submitting its evidence to the CTA. This procedural requirement aligns with the CTA's nature as a court of record and the appellate nature of its jurisdiction over refund claims. **This phrase, however, does not imply that a judicial claim for refund or tax credit may be tried anew in disregard of prior proceedings.**

Thus, in *Total Gas*,[3] the Supreme Court, citing *Atlas*, went so far as to distinguish between administrative cases appealed due to inaction, and appeals of unsuccessful administrative claims. We quote, thus:

> A distinction must, thus, be made between administrative cases appealed due to inaction and those dismissed at the administrative level due to the failure of the taxpayer to submit supporting documents. If an administrative claim was dismissed by the CIR due to the taxpayer's failure to submit complete documents despite notice/request, then the judicial claim before the CTA would be dismissible, not for lack of jurisdiction, but for the taxpayer's failure to substantiate the claim at the administrative level. <u>**When a judicial claim for refund or tax credit in the CTA is an appeal of an unsuccessful administrative claim, the taxpayer has to convince the CTA that the CIR had no reason to deny its claim.**</u> It, thus, becomes imperative for the taxpayer to show the CTA that not only is he entitled under substantive law to his claim for refund or tax credit, but also that he satisfied all the documentary and evidentiary requirements for an administrative claim. <u>**It is, thus, crucial for a taxpayer in a judicial claim for refund or tax credit to show that its administrative claim should have been granted in the first place. Consequently, a taxpayer cannot cure its failure to submit a document requested by the BIR at the administrative level by filing the said document before the CTA.**</u> *(Emphasis supplied)*

Based on the foregoing, in instances of the CIR's inaction, the CTA may receive evidence not previously submitted at the

[3] *Supra*, note 1.

administrative level, thereby assuming the role of a court of first instance. **But where the CIR has issued a definitive ruling, the CTA's review is properly confined to the records upon which the administrative decision was based, subject to the formal offer of the same documents before the Court.** To allow otherwise would subvert the administrative process, render respondent's findings and determinations nugatory, and encourage the filing of incomplete refund claims merely to meet statutory deadlines, with the expectation that taxpayer-claimants may simply supplement such documents at the judicial level—documents that were either already in their possession or could have been reasonably produced during the administrative proceedings. Such a practice would effectively circumvent the reglementary periods, and undermine the finality and integrity of administrative review.

The more stringent requirements governing judicial claims for refund or tax credit are consistent with the jurisprudential precept that tax refunds in relation to VAT are in the nature of tax exemptions which are construed *strictissimi juris* against the taxpayer and liberally in favor of the taxing authority.[4]

Petitioner raises several arguments with respect to the Court's construction of *Total Gas* and its application to the present case. However, We find these arguments baseless.

To start, it must be noted that only decisions of the Supreme Court constitute binding precedents, forming part of the Philippine legal system.[5] Hence, this Court is not bound to uphold the ruling of the CTA in another case, in disposing of the instant case.

Further, while the instant case is not an all fours with Total Gas, the ruling of the Supreme Court in the latter may still be applied. Jurisprudence has held that where a case presents two (2) or more points, any one of which is sufficient to determine the ultimate issue, but the court actually decides all such points, none of such points can be regarded as having the status of a *dictum*, and the case may serve as an authoritative precedent as to every point decided.[6] To emphasize, one point should not be denied authority merely because another point was more dwelt on and more fully argued and considered.[7]

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[4] *Panasonic Communications Imaging Corp. v. Commissioner of Internal Revenue*, G.R. No. 178090, February 8, 2010.
[5] *Commissioner of Internal Revenue v. San Roque Power Corp.*, G.R. Nos. 187485, 196113 & 197156, February 12, 2013.
[6] *Villanueva, Jr. v. Court of Appeals*, G.R. No. 142947, (19 March 19, 2002.
[7] *Id.*

In *Total Gas*, the principal issue involved the reckoning of the one hundred twenty (120)-day period based on the completeness of submitted documents. Notably, petitioner raised substantial arguments on the legal implications of compliance with documentary requirements at both the administrative and judicial stages. In resolving the principal issue, the Supreme Court directly confronted the substantive issue raised by petitioner, and made a clear distinction between administrative inaction and denial. Such pronouncement, therefore, forms part of the binding *ratio decidendi*, and is authoritative upon lower courts and tribunals in determining the admissibility of evidence in refund or tax credit claims before the CTA.

Furthermore, even if the Court considers petitioner's argument that it was able to discharge its burden of proving that the documents submitted before the Court were the same documents it submitted to the BIR, the instant claim must still be denied.

Petitioner failed to establish that it was engaged in zero-rated sales during the 1st quarter of CY 2020

With respect to petitioner's argument that the Court could have verified and validated the apostille attached to the certificate of incorporation of Stefanini NV/SA by scanning the QR code found therein, it bears stressing that for documents written in an unofficial language (*i.e.*, Belgian), Section 33, Rule 132 of the Revised Rules of Court clearly provides that "[d]ocuments written in an unofficial language shall not be admitted as evidence, unless accompanied with a translation into English or Filipino. To avoid interruption of proceedings, **parties or their attorneys are directed to have such translation prepared before trial.**"

Based on the foregoing, it behooved petitioner to submit and properly offer the English translation of the subject document, or the print-out copy of the alleged webpage containing such English translation, before or during trial, and not after the same, such as in the instant Motion. Such obligation does not rest on the Court by way of scanning a QR code and reviewing the resulting webpage, as petitioner would have it.

Anent petitioner's argument that the Court should consider the totality of the evidence regarding the alleged zero-rated ORs issued to nonresident foreign affiliate entities for the subject period.

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To recall, in the assailed Decision, the Court held that petitioner did not indicate in the VAT ORs the nature of the services rendered, as required under Section 113(B)(3) of the National Internal Revenue Code (Tax Code), as amended, but only the corresponding number of the billing statements for which the payments received by petitioner were made. Moreover, petitioner did not submit in evidence the said billing statements, which could have been cross-referenced with the ORs and provided the necessary data to confirm the nature and details of the subject zero-rated sales. Consequently, the Court could not ascertain whether the payments received by petitioner were indeed solely for the stipulated services rendered by petitioner.

In the instant Motion, petitioner now attaches the original *Billing Statements* which were indicated in the VAT ORs relating to the subject zero-rated sales (**Annexes "B" to "B-18"**) to prove that it complied with the substantiation and invoicing requirements of the law. Similarly, to prove that Stefanini NV/SA is a nonresident foreign corporation doing business outside the Philippines, petitioner also attaches a print-out copy of the required English translation **(Annex "A")**.

Unfortunately, the Court cannot admit petitioner's attachments.

The presentation of additional evidence is generally allowed when it is newly discovered, or where it has been omitted through inadvertence or mistake, or where the purpose of the evidence is to correct evidence previously offered.[8] As held in the case of *Lolita R. Alamayri v. Rommel Pabale, et al.*,[9] it is essential for all parties to present before the court all arguments and available evidence in support of their respective positions before the case is deemed submitted for judgment, save only for exceptional circumstances, *viz.*:

> **The parties must diligently and conscientiously present all arguments and available evidence(s) in support of their respective positions to the court before the case is deemed submitted for judgment. Only under exceptional circumstances may the court receive new evidence after having rendered judgment**; otherwise, its judgment may never attain finality since the parties may continually refute the findings therein with further evidence. **Alamayri failed to provide any explanation why she did not present her evidence earlier. Merely invoking that the ends of justice would have been best served if she was allowed to present additional evidence is not sufficient to justify deviation from the general rules of procedure.** Obedience to the requirements of

[8] *Gaerlan v. Republic*, G.R. No. 192717, March 12, 2014.
[9] G.R. No. 151243, April 30, 2008.

> procedural rules is needed if the parties are to expect fair results therefrom, and utter disregard of the rules cannot justly be rationalized by harking on the policy of liberal construction. Procedural rules are tools designed to facilitate the adjudication of cases. Courts and litigants alike are thus enjoined to abide strictly by the rules. And while the Court, in some instances, allows a relaxation in the application of the rules, this, we stress, was never intended to forge a bastion for erring litigants to violate the rules with impunity. The liberality in the interpretation and application of the rules applies only to proper cases and under justifiable causes and circumstances. While it is true that litigation is not a game of technicalities, it is equally true that every case must be prosecuted in accordance with the prescribed procedure to insure an orderly and speedy administration of justice." *(Emphasis supplied)*

Relatedly, newly discovered evidence refers to that which already exists prior to or during a trial, but whose existence is not known to the offering litigant; or, though known, could not have been secured and presented during the trial despite reasonable diligence.[10] What is essential for a particular piece of evidence to be properly regarded as "newly discovered" is that the offering party exercised reasonable diligence in seeking to locate the evidence before or during the trial, but nonetheless failed to secure it. Thus, a party who knows of the existence of specific pieces of evidence cannot offer them as "newly discovered" without any explanation for not presenting them earlier.[11]

On the other hand, forgotten evidence refers to evidence already in existence or available before or during a trial; known to and obtainable by the party offering it; and could have been presented and offered in a seasonable manner, were it not for the sheer oversight or forgetfulness of the party or the counsel. The presentation of forgotten evidence is disallowed because it results in a piecemeal presentation of evidence, a procedure that is not in accord with orderly justice and serves only to delay the proceedings.[12]

Applying the foregoing to case at bar, the additional documents attached to petitioner's Motion, *i.e.*, the various *Billing Statements* and the print-out copy of the English translation of the apostille, are **not** newly discovered evidence, nor were they omitted through mistake, nor is their purpose to correct evidence previously offered. On the contrary, the additional documents were readily available and already in existence even before or during trial and could have been presented and offered in a seasonable manner, but was regrettably not. Neither has petitioner advanced any satisfactory explanation to excuse the belated submission of the additional documents. Clearly, then, the

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[10] *Office of the Ombudsman v. Coronel*, G.R. No. 164460, June 27, 2006.
[11] *Id.*
[12] *Id.*

additional evidence sought to be presented by petitioner are considered forgotten evidence, which must be disallowed.

The Court likewise points out that a perusal of the various *Billing Statements* attached to petitioner's Motion reveal that while the amounts stated therein tally with the subject VAT ORs, the same still failed to indicate the nature of services rendered by petitioner to its clients for most of them only contain the phrase "service rendered". Thus, the said statements still do not indicate with certainty the nature of the services rendered to prove that petitioner was engaged indeed in zero-rated or effectively zero-rated sales.

In view of the foregoing disquisitions, the Court finds no compelling reason to reverse or modify the Decision promulgated on March 25, 2025.

WHEREFORE, premises considered, the instant Motion for Reconsideration is **DENIED** for lack of merit.

SO ORDERED.

HENRY S. ANGELES
Associate Justice

I CONCUR:

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