REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

THIRD DIVISION

MACQUARIE OFFSHORE SERVICES PTY LTD.-PHILIPPINE BRANCH, Petitioner,	CTA CASE NO. 8337
	Members:
-versus-	BAUTISTA, *Chairperson* FABON-VICTORINO, *and* RINGPIS-LIBAN, *JJ.*
COMMISSIONER OF INTERNAL REVENUE, Respondent.	Promulgated:
	JUN 02 2016 3:55 p.m.

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AMENDED DECISION

***Fabon-Victorino, J.*:**

In the Decision dated July 15, 2015, the Court denied petitioner's claim for refund of excess and unutilized input value-added tax (VAT) for the fiscal year covering the period April 1, 2009 to March 31, 2010, in the amount of P10,359,678.44. The ruling was based on the Court's finding that petitioner failed to prove that the services it rendered to Macquarie Financial Holdings Limited (MFHL) qualified as VAT zero-rated transactions under Section 108(B)(2) of the National Internal Revenue Code (NIRC) of 1997, as there was no evidence presented showing that MFHL was doing business outside the Philippines.

On July 31, 2015, petitioner filed a Motion for New Trial to allegedly rectify the excusable lapses observed by the Court and indicated in the assailed Decision of July 15, 2015. Petitioner explained that the Securities and Exchange Commission (SEC), in issuing the Certification of Non-Registration of Company, inadvertently omitted the word "Limited" from the name of its foreign client Macquarie Financial Holdings Limited or MFHL. As a result thereof, the Court concluded that the said Certification was referring to another company not licensed to do business in the Philippines but not to petitioner's client MFHL. Annexed to the Motion for New Trial were the Affidavits of Merit attesting that the law firm's paralegal applied for a Certificate of Non-Registration of MFHL upon instruction and that the SEC issued the requested Certification but omitted the word "Limited" in the name of the Company. The said omission was learned only after petitioner received its copy of the adverse Decision on July 16, 2015. Also attached to the Motion was the SEC Certificate of Non-Registration dated July 30, 2015 indicating that Macquarie Financial Holdings Limited is a non-resident foreign coporation not engaged in business in the Philippines. Petitioner prayed that the adverse Decision be set aside and a new trial be conducted for the presentation of the Certificate of Non-Registration dated July 30, 2015 for MFHL.

In the Resolution dated September 22, 2015[1], the Court granted petitioner's motion to which respondent interposed no objection, despite notice.

Consequently, a new trial was conducted on November 23, 2015, during which petitioner presented and the Court admitted, among others, the formally offered Certificate of Non-Registration of MFHL issued by the SEC bearing the correct name of its foreign client MFHL.

Hence, this Amended Decision.

In the assailed Decision of July 15, 2015, the Court ruled that both the administrative and the judicial claims for refund/tax credit were seasonably instituted by petitioner, pursuant to Section 112 (A) and (C) of the NIRC, as amended.

The evidence as found by the Court also prove that petitioner is a duly registered VAT taxpayer[2], which rendered services in the Philippines for the exclusive benefit of its non-resident foreign client, MFHL. The services rendered during the Fiscal Year 2010 were not in the same category as "processing, manufacturing or repacking of goods" for which petitioner was paid in Australian Dollars (AUD)[3] duly

[1] Docket, Vol. 5, pp. 2561-2564.
[2] Par. 3, Joint Stipulation of Facts and Issue, docket, p. 426; Exhibit B.
[3] Exhibits BB, CC, DD, and EE.

accounted for in accordance with the BSP rules and regulations[4]. Hence, the subject sales are VAT zero-rated pursuant to Section 108(B)(2) of the NIRC of 1997. In fine, petitioner was able to meet the requisites mandated under Section 112 (A) and (C) of the NIRC, as amended.

However, the Court found petitioner unable to establish that MFHL, a non-resident foreign corporation is not doing business in the Philippines. The documents it presented at most showed that MFHL is registered and does business in Australia but they do not conclusively prove that MFHL does not do business in the Philippines.

Moreover, the document that could have saved the day for petitioner, namely, the SEC Certificate of Non-registration of Company, was not considered by the Court as it referred to Macquarie Financial Holdings and not to Macquarie Financial Holdings, Limited (MFHL).

To remedy the belatedly detected lapses, the Court, at the instance of petitioner and in the interest of justice, allowed the presentation of the Certification of Non-Registration of MFHL dated July 30, 2015[5] which sufficiently proved that MFHL, a foreign corporation, is not doing business in the Philippines.

With the foregoing finding, the Court shall now determine whether petitioner was able to substantiate its zero-rated sales for the four quarters of FY 2010.

In its VAT Returns for the four quarters of FY 2010, petitioner reflected the following zero-rated sales:

Exhibit	**Period Covered (FY 2010)**	**Amount**
C	1st Quarter	₱ 61,913,339.95
D	2nd Quarter	74,958,221.29
E	3rd Quarter	97,514,333.46
F	4th Quarter	147,984,025.89
TOTAL		**₱ 382,369,920.59**

[4] Exhibits MM, NN, OO, PP, QQ, RR, SS, TT, UU, and VV.
[5] Exhibit CCC.

To prove that it generated zero-rated sales and that the corresponding foreign currency payments it received were accounted for in accordance with the rules and regulations of the BSP, petitioner offered in evidence its service invoices[6] official receipts[7] and debit memos[8] issued to its client MFHL, as well as the bank certifications of inward remittances[9]. The said amount consists of the following:

Client	Amount in Php	Amount in AUD	Service Invoice No.	Date	Exhibit	Official Receipt No.	Date	Exhibit
First Quarter								
MFHL	15,991,248.29	457,644.73	000010	5/26/2009	XX-1Q.1	000005	6/11/2009	XX-2.1
MFHL	21,042,562.71	556,865.67	000011	6/30/2009	XX-1Q.2	000006	7/17/2009	XX-2.2
MFHL	24,879,528.95	640,404.05	000013	8/10/2009	XX-1Q.3	000007	8/24/2009	XX-2.3
subtotal	***61,913,339.95***	***1,654,914.45***						
Second Quarter								
MFHL	27,581,893.12	687,226.31	000014	9/4/2009	XX-2Q.1	000008	9/14/2009	XX-2.4
MFHL	24,629,437.62	596,780.09	000015	9/4/2009	XX-2Q.2			
MFHL	22,746,890.56	541,522.03	000016	10/30/2009	XX-2Q.3	000009	11/25/2009	XX-2.5
subtotal	***74,958,221.30***	***1,825,528.43***						
Third Quarter								
MFHL	30,217,972.33	707,328.40	000017	11/13/2009	XX-3Q.1	000009	11/25/2009	XX-2.5
MFHL	30,438,755.02	706,022.66	000018	12/29/2009	XX-3Q.2	000010	3/28/2010	XX-2.6
MFHL	36,857,606.12	882,048.95	000019	1/29/2009	XX-3Q.3			
subtotal	***97,514,333.47***	***2,295,400.01***						
Fourth Quarter								
MFHL	29,896,949.51	721,773.05	000020	2/22/2010	XX-4Q.1	000010	3/28/2010	XX-2.6
MFHL	39,471,287.73	951,927.86	000021	3/31/2010	XX-4Q.2	000013	5/18/2010	XX-2.7
MFHL	3,186,584.79	76,930.63	000022	1/31/2010	XX-4Q.3	000014	8/8/2010	XX-2.8
MFHL	1,981,059.72	47,777.16	000023	2/28/2010	XX-4Q.4			
MFHL	46,456,810.09	1,123,052.04	000024	4/30/2010	XX-4Q.5	000013	5/18/2010	XX-2.7
MFHL	27,779,085.54	671,534.67	000025	3/31/2010	XX-4Q.6	000014	8/8/2010	XX-2.8
MFHL	(787,751.49)	(19,043.19)	000029	6/30/2010	XX-4Q.7	000015	8/23/2010	XX-2.9
subtotal	***147,984,025.89***	***3,573,952.22***						
Total	**382,369,920.61**[10]	**9,349,795.11**						

However, petitioner's zero-rated receipts in the total amount of P45,669,058.60 declared in the fourth quarter of FY 2010 and supported by zero-rated Service Invoice Nos. 000024 and 000029 are dated outside the period of claim, hence, must be disallowed. Thus, out of the P382,369,920.59 zero-rated receipts reported by petitioner,

[6] Exhibits XX-1Q.1 to XX-1Q.3; XX-2Q.1 to XX-2Q.3; XX-3Q.1 to XX-3Q.3; XX-4Q.1 to XX-4Q.7.
[7] Exhibits XX-2.1 to XX-2.9
[8] Exhibits XX-3.1 to XX-3.16.
[9] Exhibits NN, OO, PP, QQ, RR, SS, TT, UU and VV.
[10] Higher than ₱0.02 due to rounding off.

only the amount of P336,700,861.99 qualifies for VAT zero-rating under Section 108(B)(2) of the NIRC of 1997, as determined below:

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	TOTAL
Zero-Rated Receipts Per Returns	₱ 61,913,339.95	₱ 74,958,221.29	₱ 97,514,333.46	₱ 147,984,025.89	₱ 382,369,920.59
Less: Zero-Rated Receipts supported by VAT service invoices dated outside the period of claim					
SI No. 000024				46,456,810.09	46,456,810.09
SI No. 000029				(787,751.49)	(787,751.49)
Valid Zero-Rated Receipts	**₱61,913,339.95**	**₱74,958,221.29**	**₱97,514,333.46**	**₱102,314,967.29**	**₱336,700,861.99**

After finding that petitioner had zero-rated receipts for the four quarters of FY 2010 in the total amount of P336,700,861.99, the Court must determine whether petitioner incurred or paid input taxes in connection therewith.

In its Quarterly VAT Returns for the four quarters of FY 2010, petitioner declared input VAT on its purchases of services and goods other than capital goods in the aggregate amount P9,217,810.79, broken down as follows:

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	TOTAL
Domestic Purchase of Goods other than Capital Goods	₱ 148,822.92	₱ 223,987.72	₱ 567,274.27	₱ 1,115,035.99	₱ 2,055,120.90
Domestic Purchase of Services	1,134,201.71	1,766,288.59	1,754,315.98	2,494,889.80	7,149,696.08
Services Rendered by Non-residents	-	-	-	12,993.81	12,993.81
Total	**₱1,283,024.63**	**₱1,990,276.31**	**₱2,321,590.25**	**₱3,622,919.60**	**₱9,217,810.79**

To prove the foregoing, petitioner offered in evidence BIR Form 1600 with bank payment slips, various sales invoices and official receipts[11] issued by its various suppliers. All these were examined by Independent Certified Public Accountant (ICPA) Jerome Antonio B. Constantino, whose findings are summarized in his two (2) separate reports dated January 2, 2013[12] and July 10, 2013[13], to wit:

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[11] Exhibits XX-5-1Q.1 to XX-5-1Q.86; XX-5-2Q.1 to XX-5-2Q.125; XX-5-3Q.1 to XX-5-3Q.213; XX-5-4Q.1 to XX-5-4Q.315.
[12] Exhibit XX.
[13] Exhibit ZZ.

Findings		Ref. (Annexed to Exhibit XX & ZZ)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
I. PROPERLY SUPPORTED BY VAT INVOICES, OFFICIAL RECEIPTS AND BIR FORM 1600							
A. Input tax on domestic purchases of goods other than capital goods							
1	Supported by "TIN VAT" invoices	2-1Q-1; 2-2Q-1; 2-3Q-3; 2-4Q-1	₱ 27,628.49	₱ 10,638.82	₱ 4,012.77	₱ 27,795.32	₱ 70,075.40
2	Supported by "TIN VAT" invoices with corrections on Petitioner's name and/or TIN and/or address and/or VAT amount but with countersignature of the supplier according to the Petitioner	2-1Q-2; 2-2Q-4; 2-3Q-4; 2-4Q-3	121,194.43	77,910.51	216,519.79	930,182.59	1,345,807.32
3	Supported by "VAT REG TIN" invoices	2-2Q-3; 2-3Q-1; 2-4Q-2		14,036.81	14,450.05	15,617.59	44,104.45
4	Supported by "VAT REG TIN" invoices with corrections on Petitioner's name and/or address but with countersignature of the supplier according to the Petitioner	2-3Q-5; 2-4Q-5			55,082.82	36,892.50	91,975.32
5	Supported by "VAT REG TIN" invoices with corrections on Petitioner's name and/or TIN with countersignature of the supplier according to the Petitioner and not dated within the taxable quarter but dated within the period of claim	2-3Q-7; 2-4Q-13			36,825.00	11,937.54	48,762.54
6	Supported by "TIN VAT" invoices with corrections on Petitioner's name and/or TIN with countersignature of the supplier according to the Petitioner but not dated within the taxable quarter but dated within the period of claim	2-2Q-5; 2-3Q-8; 2-4Q-11		72,437.14	146,984.90	42,182.14	261,604.18
7	Supported by "TIN VAT" invoices not dated within the taxable quarter but dated within the period of claim	2-3Q-14; 2-4Q-12			2,197.61	14,051.14	16,248.75
		1-3Q-3; 1-4Q-4			2,104.73	5,300.51	7,405.24
8	Supported by "VAT REG TIN" invoices not dated within the taxable quarter but dated within the period of claim	2-4Q-14				2,171.95	2,171.95
		1-3Q-2; 1-4Q-7			3,966.41	9,023.75	12,990.16
9	Supported by "TIN VAT invoices with corrections on Petitioner's name with countersignature of the supplier	2-4Q-9				94,002.00	94,002.00

	according to the Petitioner and not dated within the taxable quarter but dated within the period of claim						
B. Input tax on domestic purchases of services							
1	Supported by "TIN VAT" ORs	2-1Q-4; 2-2Q-2; 2-3Q-2; 2-4Q-4	7,200.00	1,961.21	34,835.33	19,365.85	63,362.39
		1-1Q-2; 1-2Q-1; 1-3Q-1	25.50	316.72	58.92		401.14
2	Supported by "VAT REG TIN" ORs	2-1Q-3; 2-2Q-6; 2-3Q-1; 2-4Q-6	74,341.08	107,836.97	209,904.24	563,664.24	955,746.53
		1-2Q-3; 1-4Q-1		19,442.40		3,680.14	23,122.54
3	Supported by "TIN VAT" ORs with corrections on Petitioner's name, and/or TIN and/or address and/or VAT amount but with countersignature of the supplier according to the Petitioner	2-1Q-5; 2-2Q-8; 2-3Q-13; 2-4Q-8;	36,120.42	40,182.12	2,883.48	16,492.93	95,678.95
		1-1Q-3; 1-3Q-5; 1-4Q-3	51.21		381.33	842,489.31	842,921.85
4	Supported by "VAT REG TIN" ORs with corrections on Petitioner's name and/or address and/or TIN and/or date and/or VAT amount but with countersignature of the supplier according to the Petitioner	2-1Q-6; 2-2Q-7; 2-3Q-6; 2-4Q-7	718,309.91	507,120.04	1,023,303.69	95,035.46	2,343,769.10
		1-1Q-1; 1-2Q-4; 1-4Q-2	3,744.41	60,000.00		170,238.16	233,982.57
5	Supported by "VAT REG TIN" ORs not dated within the taxable quarter but dated within the period of claim	2-3Q-9			27,215.33		27,215.33
		1-3Q-7; 1-4Q-6			70,311.31	2,209.82	72,521.13
6	Supported "TIN VAT" ORs with corrections on Petitioner's name and/or address and/or TIN and/or VAT amount with countersignature of the supplier according to the Petitioner and not dated within the taxable quarter but dated within the period of claim	2-3Q-10			101.36		101.36
		1-2Q-2		19,339.80			19,339.80
7	Supported "VAT REG TIN" ORs with corrections on Petitioner's name and/or address with countersignature of the supplier according to the Petitioner but not dated within the taxable quarter but dated within the period of claim	2-1Q-7; 2-2Q-9; 2-3Q-11	61,800.00	51,810.98	133,119.36		246,730.34
		1-2Q-5; 1-3Q-6; 1-4Q-8		5,160.00	10,061.23	316.82	15,538.05
8	Supported by "TIN VAT" ORs not dated	1-3Q-4; 1-4Q-5			106,347.47	1,194.86	107,542.33

	within the taxable quarter but dated within the period of claim						
C. Input tax on services rendered by non-residents							
1	Supported by BIR form 1600	2-4Q-10				12,993.81	12,993.81
	Subtotal		***1,050,415.45***	***988,193.52***	***2,100,667.13***	***2,916,838.43***	***7,056,114.53***
II. OTHER FINDINGS							
A. Input tax on domestic purchases of goods other than capital goods							
1	Supported by "VAT TIN" sales invoices	2-4Q-17				2,256.70	2,256.70
2	Supported by "VAT REG TIN" invoices with incomplete Petitioner's name (e.g. Macquarie Offshore Services PTY LTD)	2-3Q-15; 2-4Q-15			45,652.80	7,090.18	52,742.98
3	Supported by "TIN VAT" invoices but with incomplete name (e.g. Macquarie Offshore Phils., Macquarie Offshore Services, Macquarie Offshore Services PTY LTD, Macquire Offshore Services, Macquarie Offshore Services)	2-4Q-16				4,144.80	4,144.80
4	Supported by VAT invoices not in the name of the Petitioner (e.g. Macquarie Capital Securities Phils. Inc. and Macquarie Office) and not dated within the taxable quarter (e.g. first, second and third quarter) but dated within the period of claim	2-4Q-29				1,283.15	1,283.15
5	Supported by VAT invoices with corrections on Petitioner's name without countersignature and/or VAT amount not shown separately	2-2Q-21; 2-3Q-17; 2-4Q-19		600.00	17,583.46	2,710.71	20,894.17
6	Supported by VAT invoices but not an original copy	2-3Q-19; 2-4Q-28			6,825.75	101,171.36	107,997.11
7	Supported by "TIN VAT" without invoice date	2-4Q-18				840.00	840.00
8	Supported by document other than sales invoice (e.g. OR, service receipt)	2-2Q-10; 2-3Q-18; 2-4Q-20		112.50	466.07	14,572.23	15,150.80
9	Supported by "TIN VAT" invoice with incomplete Petitioner's name and VAT amount not shown separately	2-3Q-30			13,071.43		13,071.43
10	Supported by "VAT REG TIN" invoices with incomplete Petitioner's name (e.g. Macquarie Offshore Services PTY LTD) but not dated within the taxable	1-2Q-9; 1-4Q-9		18,255.29		24,101.72	42,357.01

	quarter but dated within the period of claim						
11	Supported by "TIN VAT" invoices but with incomplete petitioner's name (e.g. Macquarie Offshore Services LTD only) but not dated within the taxable quarter but dated within the period of claim	1-2Q-10		28,957.06			28,957.06
B. Input tax on domestic purchases of services							
1	Supported by "TIN VAT" ORs but with incomplete Petitioner's name (e.g. Macquarie Offshore Services PTY LTD, Macquarie Offshore Services and Macquarie Offshore) and/or without Petitioner's TIN and incomplete/no address and/or VAT amount not shown separately	2-1Q-8; 2-2Q-11	30,280.30	19,672.26			49,952.56
		1-3Q-8			28,872.97		28,872.97
2	Supported by tape receipts with incomplete Petitioner's name (e.g. Macquarie Offshore Services PTY LTD, Macquarie Offshore and Macquarie Offshore Services, Macquarie Securities) and/or without Petitioner's TIN and/or address	2-1Q-9; 2-2Q-15; 2-3Q-22; 2-4Q-22	2,643.73	3,098.48	10,627.91	9,302.52	25,672.64
		1-1Q-6; 1-2Q-11	479.21	309.26			788.47
3	Supported by "VAT REG" ORs	2-1Q-10; 2-2Q-17; 2-3Q-23; 2-4Q-25	765.48	709.18	1,383.54	3,688.39	6,546.59
4	Supported by "TIN ONLY", "TIN NON-VAT", with stamped "TIN VAT" and "NON-VAT REG TIN" ORs	2-1Q-11; 2-2Q-18; 2-3Q-24; 2-4Q-24	24,641.40	287,436.57	47,613.18	30,047.39	389,738.54
5	Supported by "VAT REG TIN" ORs but with incomplete Petitioner's name (e.g. Macquarie Offshore Services PTY and Macquarie Offshore)	2-2Q-12; 2-3Q-21		1,872.86	4,242.85		6,115.71
6	Supported by VAT OR not in the name of the Petitioner (e.g. Macquarie Securities Philippines Incorporated)	2-2Q-14; 2-3Q-27		385.72	85.71		471.43
		1-3Q-9			203.14		203.14
7	Supported by "VAT REG TIN" OR but with incomplete Petitioner's name (e.g. Macquarie Offshore) and VAT amount not shown separately	2-2Q-13		1,059.49			1,059.49

8	Supported by VAT OR not in the name of the Petitioner and not dated within the taxable quarter but dated within the taxable year of claim	2-3Q-16; 2-4Q-26			465.53	180.00	645.53
9	Supported by VAT ORs but dated outside the taxable period of claim (e.g. FY March 2009)	2-3Q-25; 2-4Q-27			7,601.27	189,119.09	196,720.36
10	Supported by "VAT REG TIN" OR without date	2-2Q-16		9,811.61			9,811.61
11	Supported by VAT ORs but not an original copy	2-2Q-20; 2-3Q-29		533,150.15	51.54		533,201.69
12	Supported by document other than ORs (e.g. bank deposit slip, collection receipt, tape receipt, sales invoice, cash invoice, advertising contract and statement of account)	2-1Q-12; 2-2Q-19; 2-3Q-28; 2-4Q-23	6,895.56	2,958.21	12,537.90	385.71	22,777.38
13	Supported by VAT ORs with incomplete Petitioner's name (e.g. Macquarie Offshore Services) without Petitioner's TIN and/or address and VAT amount is not shown separately and not dated within the taxable quarter (e.g. second and fourth quarter) but dated within the period of claim	2-3Q-26			6,586.91		6,586.91
14	Supported by "TIN VAT" ORs but with incomplete Petitioner's name and/or without Petitioner's TIN and/or address (e.g. Macquarie Offshore Services PTY LTD, Macquarie Offshore Services and Macquarie Offshore)	2-1Q-14; 2-3Q-20; 2-4Q-21	2,580.00		26,640.00	136,184.73	165,404.73
15	Supported by "TIN VAT" OR with corrections on Petitioner's name with countersignature of the supplier according to the Petitioner but VAT amount not shown separately	2-1Q-13	52.18				52.18
16	Supported by VAT ORs but VAT amount not shown separately and not dated within the taxable quarter	2-3Q-32			202.62		202.62
		1-4Q-11				1,270.04	1,270.04
17	Supported by VAT ORs but VAT amount is not shown separately	2-3Q-31			3,278.20		3,278.20
		1-2Q-8		44.69			44.69
18	Supported by tape receipts but not BIR	2-3Q-33			257.14		257.14

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	registered						
19	Supported by tape receipts with incomplete Petitioner's name (e.g. Macquarie only) and not dated within the taxable quarter but dated within the period of claim	14Q-14				321.43	321.43
20	Supported by "VAT REG TIN" ORs but with incomplete Petitioner's name (e.g. Macquarie Offshore only) and/or incorrect Petitioner's tin (e.g. 850) and/or with corrections in the amounts and/or not dated within the taxable quarter (e.g. third quarter) but dated within the period of claim	1-4Q-10				175.71	175.71
21	Supported by "VAT REG TIN" OR but without petitioner's TIN and/or address	1-1Q-4	64.29				64.29
22	Supported by "TIN VAT" OR but without petitioner's TIN and/or address	1-1Q-5	26.14				26.14
23	Supported by "TIN VAT" OR with corrections on Petitioner's address with countersignature of the supplier according to the Petitioner but with incorrect petitioner's TIN	1-3Q-10			102.32		102.32
24	Supported by "VAT REG TIN" ORs but VAT amount not shown separately and not dated within the taxable quarter (e.g. first quarter) but dated within the period of claim	1-2Q-7; 1-4Q-13		16.80		11,742.91	11,759.71
25	Supported by "VAT REG TIN" ORs with corrections on Petitioner's TIN without countersignature and/or not dated within the taxable quarter (e.g. third quarter) but dated within the period of claim	1-4Q-12				39,859.64	39,859.64
26	Supported by "VAT REG TIN" ORs with corrections on Petitioner's name without countersignature and not dated within the taxable quarter (e.g. third quarter) but dated within the period of claim	1-4Q-16				594.60	594.60
27	Supported by "TIN VAT" ORs but not BIR registered	1-2Q-6		7,227.60			7,227.60

28	Supported by "TIN VAT" OR but with incorrect Petitioner's TIN	1-4Q-15				49.82	49.82
C. Overclaimed Input VAT		2-1Q-15; 2-2Q-22; 2-3Q-34; 2-4Q-30	61,248.73	3,794.21	434.45	986.88	66,464.27
		1-2Q-12; 1-3Q-11; 1-4Q-17		8.38	214.28	891.96	1,114.62
D. Underclaimed Input VAT		1-3Q-12; 1-4Q-18			(1,166.39)	(10,338.46)	(11,504.85)
E. The supporting documents not available at the time of verification		1-1Q-7; 1-2Q-13; 1-3Q-13; 1-4Q-19	102,932.16	82,602.46	(12,911.43)	133,447.84	306,071.03
	Subtotal		***232,609.18***	***1,002,082.78***	***220,923.15***	***706,081.05***	***2,161,696.16***
Total			**₱1,283,024.63**	**₱1,990,276.30**	**₱2,321,590.28**	**₱3,622,919.48**	**₱9,217,810.69**[14]

From the foregoing, the total amount of P2,161,696.16 *(under Item II. Other Findings)* shall be disallowed outright for not being properly substantiated by proper supporting documents such as VAT invoices or official receipts prescribed under Sections 110(A), 113(A) and (B), 237 and 238 of the NIRC of 1997, as amended, and as implemented by Sections 4.110-1, 4.110-2, 4.110-8, 4.113-1 of RR No. 16-2005, as amended.

In addition, the input VAT claim in the total amount of P3,767,195.26, as presented below, shall be disallowed for petitioner's failure to meet the substantiation requirements prescribed under the cited laws and regulations:

Findings	Exhibit	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
A. Input tax on domestic purchases of goods other than capital goods						
1. Supported by invoices with corrections on petitioner's name, and/or TIN, and/or address, and/or VAT amount but it cannot be ascertained whether the countersignatures thereon were made by the issuer						
Imavision Corporation	XX-5-1Q.3	₱ 2,160.00				₱ 2,160.00
Ultra Modular Concepts, Inc.	XX-5-1Q.4	9,072.00				9,072.00
Integrated Computer Systems, Inc.	XX-5-1Q.5	86,924.57				86,924.57
Integrated Computer Systems, Inc.	XX-5-1Q.6	18,996.43				18,996.43
Creative Trends Inc.	XX-5-1Q.63	1,320.00				1,320.00
Integrated Computer Systems, Inc.	XX-5-1Q.7	2,721.43				2,721.43
Integrated Computer Systems, Inc.	XX-5-2Q.10		₱ 72,437.14			72,437.14
Integrated Computer Systems, Inc.	XX-5-2Q.5		1,392.86			1,392.86
West Woods Marketing Corp.	XX-5-2Q.6		376.71			376.71
Integrated Computer Systems, Inc.	XX-5-2Q.7		72,437.14			72,437.14
Creative Trends Inc.	XX-5-2Q.76		820.80			820.80

[14] With ₱0.10 difference against per Returns due to rounding off.

Minuteman Printers, Inc.	XX-5-2Q.77		1,671.43			1,671.43
Creative Trends Inc.	XX-5-2Q.78		108.00			108.00
Integrated Computer Systems, Inc.	XX-5-2Q.8		717.86			717.86
West Woods Marketing Corp.	XX-5-2Q.9		385.71			385.71
Integrated Computer Systems, Inc.	XX-5-3Q.1			₱ 1,011.96		1,011.96
Integrated Computer Systems, Inc.	XX-5-3Q.10			2,667.86		2,667.86
Integrated Computer Systems, Inc.	XX-5-3Q.11			2,023.93		2,023.93
Integrated Computer Systems, Inc.	XX-5-3Q.12			75,924.64		75,924.64
Integrated Computer Systems, Inc.	XX-5-3Q.13			11,923.71		11,923.71
West Woods Marketing Corp.	XX-5-3Q.14			753.16		753.16
West Woods Marketing Corp.	XX-5-3Q.15			2,258.71		2,258.71
West Woods Marketing Corp.	XX-5-3Q.16			921.43		921.43
Great Year Industries Corp.	XX-5-3Q.17			8,410.71		8,410.71
West Woods Marketing Corp.	XX-5-3Q.2			1,211.14		1,211.14
West Woods Marketing Corp.	XX-5-3Q.3			3,471.11		3,471.11
Integrated Computer Systems, Inc.	XX-5-3Q.4			10,821.21		10,821.21
Integrated Computer Systems, Inc.	XX-5-3Q.5			11,923.71		11,923.71
Integrated Computer Systems, Inc.	XX-5-3Q.52			18,996.43		18,996.43
Integrated Computer Systems, Inc.	XX-5-3Q.53			72,437.14		72,437.14
Integrated Computer Systems, Inc.	XX-5-3Q.54			45,554.79		45,554.79
Integrated Computer Systems, Inc.	XX-5-3Q.6			171.43		171.43
Imavision Corporation	XX-5-3Q.62			5,314.29		5,314.29
Great Year Industries Corp.	XX-5-3Q.64			6,728.57		6,728.57
Datacraft Phils., Inc.	XX-5-3Q.7			62,843.19		62,843.19
Great Year Industries Corp.	XX-5-3Q.8			16,339.29		16,339.29
Integrated Computer Systems, Inc.	XX-5-3Q.9			1,796.25		1,796.25
Integrated Computer Systems, Inc.	XX-5-4Q.10				₱ 37,992.86	37,992.86
Integrated Computer Systems, Inc.	XX-5-4Q.11				42,182.14	42,182.14
Integrated Computer Systems, Inc.	XX-5-4Q.12				60,000.00	60,000.00
Integrated Computer Systems, Inc.	XX-5-4Q.13				42,026.79	42,026.79
Integrated Computer Systems, Inc.	XX-5-4Q.14				42,026.79	42,026.79
Integrated Computer Systems, Inc.	XX-5-4Q.15				42,026.79	42,026.79
Integrated Computer Systems, Inc.	XX-5-4Q.16				2,023.93	2,023.93
Integrated Computer Systems, Inc.	XX-5-4Q.17				679.29	679.29
Integrated Computer Systems, Inc.	XX-5-4Q.18				8,035.71	8,035.71
Integrated Computer Systems, Inc.	XX-5-4Q.19				535.73	535.73
West Woods Marketing Corp.	XX-5-4Q.20				301.07	301.07
West Woods Marketing Corp.	XX-5-4Q.21				216.96	216.96
West Woods Marketing	XX-5-4Q.22					

Corp.					510.54	510.54
Innovend Corp.	XX-5-4Q.223				700.71	700.71
Innovend Corp.	XX-5-4Q.224				668.57	668.57
West Woods Marketing Corp.	XX-5-4Q.23				917.14	917.14
Ace Hardware Phils., Inc.	XX-5-4Q.232				80.36	80.36
West Woods Marketing Corp.	XX-5-4Q.24				214.29	214.29
West Woods Marketing Corp.	XX-5-4Q.25				102.27	102.27
West Woods Marketing Corp.	XX-5-4Q.26				407.15	407.15
West Woods Marketing Corp.	XX-5-4Q.27				171.64	171.64
Integrated Computer Systems, Inc.	XX-5-4Q.28				2,405.36	2,405.36
Integrated Computer Systems, Inc.	XX-5-4Q.29				8,405.36	8,405.36
Integrated Computer Systems, Inc.	XX-5-4Q.30				112.50	112.50
Integrated Computer Systems, Inc.	XX-5-4Q.31				112.50	112.50
Integrated Computer Systems, Inc.	XX-5-4Q.32				225.00	225.00
Integrated Computer Systems, Inc.	XX-5-4Q.33				16,810.71	16,810.71
Integrated Computer Systems, Inc.	XX-5-4Q.34				36,666.96	36,666.96
Integrated Computer Systems, Inc.	XX-5-4Q.35				112.50	112.50
Integrated Computer Systems, Inc.	XX-5-4Q.36				42,026.79	42,026.79
Integrated Computer Systems, Inc.	XX-5-4Q.37				1,202.68	1,202.68
Integrated Computer Systems, Inc.	XX-5-4Q.38				2,405.36	2,405.36
Integrated Computer Systems, Inc.	XX-5-4Q.39				26.79	26.79
Integrated Computer Systems, Inc.	XX-5-4Q.40				9,498.21	9,498.21
Integrated Computer Systems, Inc.	XX-5-4Q.41				12,222.32	12,222.32
Integrated Computer Systems, Inc.	XX-5-4Q.42				42,026.79	42,026.79
Integrated Computer Systems, Inc.	XX-5-4Q.43				75,648.21	75,648.21
Integrated Computer Systems, Inc.	XX-5-4Q.44				1,350.00	1,350.00
Integrated Computer Systems, Inc.	XX-5-4Q.45				67,242.86	67,242.86
Integrated Computer Systems, Inc.	XX-5-4Q.46				16,810.71	16,810.71
Integrated Computer Systems, Inc.	XX-5-4Q.47				8,405.36	8,405.36
West Woods Marketing Corp.	XX-5-4Q.48				1,675.71	1,675.71
West Woods Marketing Corp.	XX-5-4Q.49				2,458.55	2,458.55
West Woods Marketing Corp.	XX-5-4Q.50				257.46	257.46
Datacraft Phils., Inc.	XX-5-4Q.51				96,768.00	96,768.00
Audio 4 Design N Technology	XX-5-4Q.52				8,657.14	8,657.14
Integrated Computer Systems, Inc.	XX-5-4Q.78				246,105.00	246,105.00
Integrated Computer Systems, Inc.	XX-5-4Q.89				21,679.29	21,679.29
Integrated Computer Systems, Inc.	XX-5-4Q.9				1,011.96	1,011.96
Integrated Computer Systems, Inc.	XX-5-4Q.90				37,460.36	37,460.36
Integrated Computer Systems, Inc.	XX-5-4Q.91				1,639.29	1,639.29

Integrated Computer Systems, Inc.	XX-5-4Q.92				8,548.39	8,548.39
Integrated Computer Systems, Inc.	XX-5-4Q.94				24,053.57	24,053.57
Sub-total		***121,194.43***	***150,347.65***	***363,504.66***	***1,075,852.42***	***1,710,899.16***
2. Overclaimed Input VAT						
Rustan's Supercenter, Inc. (₱221.91-₱91.88)	XX-5-2Q.87		130.03			130.03
Sub-total		-	***130.03***	-	-	***130.03***
B. Input tax on domestic purchases of services						
1. Supported by official receipts with corrections on petitioner's name, and/or TIN, and/or address, and/or VAT amount but it cannot be ascertained whether the countersignatures thereon were made by the issuer						
Jobstreet.com Philippines, Inc.	XX-5-1Q.13	7,200.00				7,200.00
John Clements Consultants, Inc.	XX-5-1Q.19	18,720.00				18,720.00
Business Process Outsourcing International, Inc.	XX-5-1Q.20	403.80				403.80
John Clements Consultants, Inc.	XX-5-1Q.21	7,800.00				7,800.00
Lantro Phils., Inc.	XX-5-1Q.22	7,698.00				7,698.00
Lantro Phils., Inc.	XX-5-1Q.23	8,995.46				8,995.46
Manila Bulletin Publishing Corp.	XX-5-1Q.24	9,811.61				9,811.61
Manila Bulletin Publishing Corp.	XX-5-1Q.25	9,811.61				9,811.61
Manila Bulletin Publishing Corp.	XX-5-1Q.26	9,811.61				9,811.61
Manila Bulletin Publishing Corp.	XX-5-1Q.27	9,811.61				9,811.61
Manila Bulletin Publishing Corp.	XX-5-1Q.28	9,811.61				9,811.61
Manila Bulletin Publishing Corp.	XX-5-1Q.29	9,811.61				9,811.61
Manila Bulletin Publishing Corp.	XX-5-1Q.30	9,811.61				9,811.61
Quest Highlands Inc.	XX-5-1Q.31	60,000.00				60,000.00
Quest Highlands Inc.	XX-5-1Q.32	29,700.00				29,700.00
Quest Highlands Inc.	XX-5-1Q.33	5,160.00				5,160.00
Skope Technology	XX-5-1Q.70	1,339.29				1,339.29
Headstrong Phils., Inc.	XX-5-1Q.73	74,928.00				74,928.00
King of Travel, Inc.	XX-5-1Q.74	52.18				52.18
Galang Jovina Munez & Associates Law Offices	XX-5-1Q.78	1,800.00				1,800.00
Galang Jovina Munez & Associates Law Offices	XX-5-1Q.79	1,800.00				1,800.00
Galang Jovina Munez & Associates Law Offices	XX-5-1Q.80	1,800.00				1,800.00
Regus Centres, Inc.	XX-5-2Q.101		45,632.35			45,632.35
Regus Centres, Inc.	XX-5-2Q.103		2,091.62			2,091.62
BT Communications Phils., Inc.	XX-5-2Q.107		32,530.72			32,530.72
I-ZAPP Cebu Corp.	XX-5-2Q.114		19,339.80			19,339.80
Quest Highlands Inc.	XX-5-2Q.118		60,000.00			60,000.00
Quest Highlands Inc.	XX-5-2Q.119		5,160.00			5,160.00
Lantro Phils., Inc.	XX-5-2Q.23		722.40			722.40
Manila Bulletin Publishing Corp.	XX-5-2Q.27		9,811.61			9,811.61

Manila Bulletin Publishing Corp.	XX-5-2Q.28		9,811.61			9,811.61
Quest Highlands Inc.	XX-5-2Q.29		46,800.00			46,800.00
Quest Highlands Inc.	XX-5-2Q.30		5,160.00			5,160.00
Quest Highlands Inc.	XX-5-2Q.31		32,370.00			32,370.00
Quest Highlands Inc.	XX-5-2Q.32		60,000.00			60,000.00
Quest Highlands Inc.	XX-5-2Q.33		5,160.00			5,160.00
Headstrong Phils., Inc.	XX-5-2Q.34		109,610.88			109,610.88
John Clements Consultants, Inc.	XX-5-2Q.35		20,280.00			20,280.00
King of Travel, Inc.	XX-5-2Q.66		52.07			52.07
King of Travel, Inc.	XX-5-2Q.67		52.07			52.07
Galang Jovina Munez & Associates Law Offices	XX-5-2Q.69		1,800.00			1,800.00
Galang Jovina Munez & Associates Law Offices	XX-5-2Q.70		1,800.00			1,800.00
I-ZAPP Cebu Corp.	XX-5-2Q.89		4,868.69			4,868.69
Regus Centres, Inc.	XX-5-2Q.95		2,934.24			2,934.24
Bernardo Maintenance Services	XX-5-3Q.148			1,378.81		1,378.81
Bernardo Maintenance Services	XX-5-3Q.149			1,350.06		1,350.06
King of Travel, Inc.	XX-5-3Q.159			104.36		104.36
King of Travel, Inc.	XX-5-3Q.160			50.25		50.25
PhilStar Daily, Inc.	XX-5-3Q.163			6,998.39		6,998.39
Forte Showroom Corp.	XX-5-3Q.19			9,551.39		9,551.39
Ascott Makati	XX-5-3Q.212			8,109.25		8,109.25
Regus Centres Inc.	XX-5-3Q.213			1,951.98		1,951.98
Headstrong Phils., Inc.	XX-5-3Q.25			131,534.40		131,534.40
Headstrong Phils., Inc.	XX-5-3Q.26			137,550.24		137,550.24
Headstrong Phils., Inc.	XX-5-3Q.27			91,030.08		91,030.08
Quest Highlands Inc.	XX-5-3Q.31			96,000.00		96,000.00
Quest Highlands Inc.	XX-5-3Q.32			5,160.00		5,160.00
Asalus Corp.	XX-5-3Q.34			2,362.30		2,362.30
Santa Fe Moving & Relocation Services Phils., Inc.	XX-5-3Q.43			3,000.00		3,000.00
Asalus Corp.	XX-5-3Q.44			1,061.00		1,061.00
Asalus Corp.	XX-5-3Q.45			289.77		289.77
Quest Highlands Inc.	XX-5-3Q.47			75,000.00		75,000.00
Quest Highlands Inc.	XX-5-3Q.48			60,000.00		60,000.00
Quest Highlands Inc.	XX-5-3Q.49			60,000.00		60,000.00
Quest Highlands Inc.	XX-5-3Q.50			5,160.00		5,160.00
King of Travel, Inc.	XX-5-3Q.56			101.36		101.36
Headstrong Phils., Inc.	XX-5-3Q.57			110,619.36		110,619.36
Quest Highlands Inc.	XX-5-3Q.58			11,700.00		11,700.00

Manila Bulletin Publishing Corp.	XX-5-3Q.72			9,811.61		9,811.61
Avanti People Partnership International	XX-5-4Q.239				14,040.00	14,040.00
Avanti People Partnership International	XX-5-4Q.245				17,550.00	17,550.00
Pest Away Corp.	XX-5-4Q.248				600.00	600.00
SPI Parking Services, Inc.	XX-5-4Q.249				530.36	530.36
SPI Parking Services, Inc.	XX-5-4Q.250				5,303.57	5,303.57
I-ZAPP Cebu Corp.	XX-5-4Q.253				12,180.34	12,180.34
Ksearch Asia Consulting, Inc.	XX-5-4Q.262				28,080.00	28,080.00
Oracle (Philippines) Corp.	XX-5-4Q.56				16,434.00	16,434.00
Canon Marketing (Phils.), Inc.	XX-5-4Q.66				4,526.93	4,526.93
Canon Marketing (Phils.), Inc.	XX-5-4Q.67				4,526.93	4,526.93
Canon Marketing (Phils.), Inc.	XX-5-4Q.68				4,526.93	4,526.93
Canon Marketing (Phils.), Inc.	XX-5-4Q.69				454.55	454.55
Canon Marketing (Phils.), Inc.	XX-5-4Q.70				525.48	525.48
Canon Marketing (Phils.), Inc.	XX-5-4Q.71				2,417.68	2,417.68
Canon Marketing (Phils.), Inc.	XX-5-4Q.72				2,772.43	2,772.43
Asalus Corp.	XX-5-4Q.76				1,345.08	1,345.08
Lantro Phils., Inc.	XX-5-4Q.77				5,764.29	5,764.29
Quest Highlands Inc.	XX-5-4Q.82				60,000.00	60,000.00
Santa Fe Moving & Relocation Services Phils., Inc.	XX-5-4Q.84				377.14	377.14
Sub-total		***296,078.00***	***475,988.06***	***829,874.61***	***181,955.71***	***1,783,896.38***
2. Supported by official receipts with corrections/insertions on petitioner's name, and/or TIN, and/or address, and/or VAT without countersignature of the issuer						
Regus Centres, Inc.	XX-5-3Q.183			153.60		153.60
BT Communications Phils., Inc.	XX-5-3Q.150			857.16		857.16
Quest Highlands, Inc.	XX-5-4Q.60				9,750.00	9,750.00
Quest Highlands, Inc.	XX-5-4Q.61				158,850.00	158,850.00
Sub-total		-	-	***1,010.76***	***168,600.00***	***169,610.76***
3. Supported by official receipt not in the complete name of petitioner						
Sybase Solutions Corp.	XX-5-1Q.41	28,928.57				28,928.57
Sub-total		***28,928.57***	-	-	-	***28,928.57***
4. Supported by undated official receipt						
Rustan Coffee Corp.	XX-5-2Q.109		80.36			80.36
Sub-total		-	***80.36***	-	-	***80.36***
5. Supported by documents other than VAT ORs						
Audio 4 Design N Technology Corp.	XX-5-3Q.18			29,460.00		29,460.00
Audio 4 Design N Technology Corp.	XX-5-3Q.51			36,825.00		36,825.00
Audio 4 Design N Technology Corp.	XX-5-4Q.88				7,365.00	7,365.00
Sub-total		-	-	***66,285.00***	***7,365.00***	***73,650.00***

TOTAL		**₱446,201.00**	**₱626,546.10**	**₱1,260,675.03**	**₱1,433,773.13**	**₱3,767,195.26**

Hence, out of the claimed input VAT on domestic purchases of goods other than capital goods and services in the total amount of P9,217,810.79, only the input VAT of P3,288,919.37, as computed below, represents petitioner's valid input VAT on the said purchases:

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	TOTAL
Input VAT Claim	₱ 1,283,024.63	₱1,990,276.31	₱2,321,590.25	₱ 3,622,919.60	₱ 9,217,810.79
Less: Disallowances					
per ICPA Report	232,609.18	1,002,082.78	220,923.15	706,081.05	2,161,696.16
per this Court's verification	446,201.00	626,546.10	1,260,675.03	1,433,773.13	3,767,195.26
Substantiated Input VAT	**₱ 604,214.45**	**₱361,647.43**	**₱839,992.07**	**₱1,483,065.42**	**₱3,288,919.37**

Next, the substantiation of the amortized portion of the input VAT on capital goods purchases exceeding P1Million in the amount of P1,142,296.21, arose from the input tax deferred from the previous quarter in the amount of P475,083.86 and input VAT of P9,056,539.18 from purchases of capital goods during the four quarters of FY 2010, as shown below:

Input Tax Deferred on Capital Goods exceeding ₱1 Million from Previous Quarter		₱ 475,083.86
Add: Input Tax on Capital Goods exceeding ₱1 Million Purchased this Quarter		
1st Quarter	₱ 188,588.20	
2nd Quarter	688,252.50	
3rd Quarter	6,216,325.32	
4th Quarter	1,963,373.16	9,056,539.18
Total: Unamortized Input Tax on Capital Goods exceeding ₱1 Million		₱ 9,531,623.04
Less: Input Tax on Purchases of Capital Goods exceeding ₱1 Million deferred for the succeeding period		8,389,326.83
Amortization of Input Tax on Capital Goods exceeding ₱1 Million		**₱ 1,142,296.21**

Based on the ICPA findings, the unamortized input VAT on capital goods from previous quarters amounts to P662,114.98, to wit:

Findings	Reference to ICPA Report (Exhibit XX)	Input VAT
I. PROPERLY SUPPORTED		
Supported by "TIN-VAT" Official Receipts	Annex 5-A	₱ 486,177.10
II. OTHER FINDINGS		
Supported by Invoices not registered with the BIR	Annex 5-B	115,082.14

	Supported by VAT OR dated in the FY ended March 31, 2010	Annex 5-C	30,427.87
	Supported by VAT OR dated outside the period of claim (FY March 2011)	Annex 5-D	30,427.87
Subtotal			175,937.88
Total			**₱662,114.98**

Per the schedule of VAT amortization,[15] the input VAT of P115,082.14 was amortized over 5 years (60 months), while the remaining amount of P547,032.86 was amortized over 2 years and 5 months (29 months) from July 2008. Thus, as of the beginning of April 2009, the unamortized portion or the deferred input tax on capital goods from previous quarter amounts to P475,083.85, computed as follows:

Findings		Reference to ICPA Report (Exh. XX)	Input VAT	Est. Life (in months)	Monthly Amort.	Amortization from July 2008 to March 2009 (9 mos.)	Deferred Input Tax
I. PROPERLY SUPPORTED							
	Supported by "TIN-VAT" Official Receipts	Annex 5-A	₱ 486,177.10	29	₱ 16,764.73	₱ 150,882.55	₱ 335,294.55
II. OTHER FINDINGS							
	Supported by Invoices not registered with the BIR	Annex 5-B	115,082.14	60	1,918.04	17,262.32	97,819.82
	Supported by VAT OR dated in the FY ended March 31, 2010	Annex 5-C	30,427.87	29	1,049.24	9,443.13	20,984.74
	Supported by VAT OR dated outside the period of claim (FY March 2011)	Annex 5-D	30,427.87	29	1,049.24	9,443.13	20,984.74
	Subtotal		***175,937.88***		***4,016.51***	***36,148.59***	***139,789.30***
Total			**₱662,114.98**		**₱20,781.24**	**₱187,031.13**	**₱475,083.85**

However, a second look at the invoices and official receipts related to the foregoing input taxes shows that the input VAT of P28,770.54 (P239,754.50 x 12%) supported by Invoice No. 08-06-144[16], which is part of the input VAT of P115,082.14, is also duly supported by Official Receipt No. 1091.[17] Hence, the substantiated input VAT amounts to P514,947.64 (P486,177.10 + P28,770.54). Accordingly, the allowable input VAT for the four quarters of FY 2010 amounts to P206,930.84 (P51,732.71 per quarter), computed as follows:

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[15] Exhibit XX-6.
[16] Exhibit XX-10.4.
[17] Exhibit XX-10.1, 1 of 2.

Inv No.	Exhibit	OR No.	Exhibit	Input VAT	Estimated Life	Allowable input VAT for FY 2010
08-06-143	XX-10.1	1091	XX-10.1	₱ 136,758.21	29	₱ 56,589.60
08-06-144	XX-10.4			28,770.54	60	5,754.11
08-08-145	XX-10.3	1093	XX-10.2 / XX-10.3	191,461.50	29	79,225.45
08-08-148	XX-10.2	1094		157,957.39	29	65,361.68
Total				**₱514,947.64**		**₱206,930.84**

As to the input VAT on purchases of capital goods exceeding P1million for the four quarters of FY 2010 in the amount of P9,056,539.18, the ICPA summarized his findings as follows:

Findings	Reference	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
I. PROPERLY SUPPORTED						
1 Supported by "TIN VAT" invoices	4-2Q-1; 4-3Q-1		₱ 96,428.57	₱ 2,083,651.63		₱ 2,180,080.20
	2-3Q-2			77,142.86		77,142.86
2 Supported by "VAT REG TIN" invoices	4-4Q-4				₱ 1,022.40	1,022.40
	2-2Q-1; 2-3Q-1		19,437.17	75,165.74		94,602.91
3 Supported by "VAT REG TIN" ORs	4-2Q-2; 4-3Q-3; 4-4Q-1		29,035.54	49,607.14	10,092.65	88,735.33
	2-2Q-3; 2-3Q-3; 2-4Q-1		57,456.00	100,800.00	19,152.00	177,408.00
4 Supported by "TIN VAT" ORs	4-3Q-4; 4-4Q-3			2,068,182.00	52,167.85	2,120,349.85
	2-2Q-2; 2-3Q-4; 2-4Q-2		265,414.29	369,293.42	153,750.00	788,457.71
5 Supported by "TIN VAT" invoices with corrections on the Petitioner's name but with countersignature of the supplier according to the Petitioner	4-2Q-4; 4-3Q-2		9,409.50	9,409.50		18,819.00
6 Supported by "TIN VAT" and "VAT REG TIN" ORs with corrections on Petitioner's TIN but without countersignature of the supplier according to the petitioner	4-4Q-6				1,369,343.16	1,369,343.16
7 Supported by "TIN VAT" ORs with corrections on the amount but with countersignature of the supplier according to the Petitioner	4-2Q-3		211,071.43			211,071.43

8 Supported by "VAT REG TIN" OR not dated within the taxable quarter (e.g. 4th quarter) but within the period of claim	4-3Q-5			33,835.68		33,835.68
9 Supported by "TIN VAT" invoices not dated within the taxable quarter but within the period of claim	4-3Q-6; 4-4Q-2			75,084.12	15,016.82	90,100.94
10 Supported by "VAT REG TIN" invoices not dated within the taxable quarter (e.g. 2nd quarter) but within the period of claim	4-4Q-5				9,201.60	9,201.60
11 Supported by "VAT REG TIN" OR with correction on amount but with countersignature of the supplier according to the Petitioner and not dated within the taxable quarter (e.g. 4th quarter) but within the period of claim	4-3Q-7			80,740.51		80,740.51
subtotal		-	***688,252.50***	***5,022,912.60***	***1,629,746.48***	***7,340,911.58***
II. OTHER FINDINGS						-
1 Supported by "TIN VAT" invoice but not an original copy	4-1Q-1; 4-4Q-7	188,588.20			72,144.00	260,732.20
2 Supported by "VAT REG TIN" OR but not an original copy	4-3Q-8; 4-4Q-8			67,200.00	6,000.00	73,200.00
3 Supported by "TIN VAT" OR but with incorrect Petitioner's TIN (e.g. 484)	2-3Q-5			206,250.00		206,250.00
4 The supporting documents are not available at the time of verification	2-3Q-6; 2-4Q-3			919,962.72	255,482.68	1,175,445.40
subtotal		***188,588.20***	-	***1,193,412.72***	***333,626.68***	***1,715,627.60***
TOTAL		**₱188,588.20**	**₱ 688,252.50**	**₱6,216,325.32**	**₱1,963,373.16**	**₱ 9,056,539.18**

With the foregoing, the input VAT of P1,715,627.60 should be disallowed as it is not supported by proper documents.

In addition, the input VAT claim in the total amount of P3,091,768.09, as presented below, should as well be disallowed for petitioner's failure to meet the substantiation requirements prescribed under the pertinent laws and regulations:

Findings	Exhibit	2nd Qtr	3rd Qtr	4th Qtr	Total
1. Supported by ORs and/or invoices the input VAT amount was not separately shown					
Barrington Carpets, Inc.	XX-9.4	₱ 428.40			₱ 428.40
Alecto General Technology Corp.	XX-9.56			₱ 78,214.29	78,214.29
Sub-total		***428.40***	-	***78,214.29***	***78,642.69***

2. Supported by invoice with correction on petitioner's name without countersignature of the issuer					
Barrington Carpets, Inc.	XX-9.4	9,409.50			9,409.50
Sub-total		***9,409.50***	-	-	***9,409.50***
3. Supported by official receipts and/or invoices with corrections on petitioner's name and/or VAT amount but it cannot be ascertained whether the countersignatures thereon were made by the issuer					
Barrington Carpets, Inc.	XX-9.24		₱ 7,527.60		7,527.60
Barrington Carpets, Inc.	XX-9.25		1,881.90		1,881.90
Alecto General Technology Corp.	XX-9.30		156,428.57		156,428.57
Alecto General Technology Corp.	XX-9.31		109,741.06		109,741.06
Alecto General Technology Corp.	XX-9.32		69,717.86		69,717.86
Lantro Phils., Inc.	XX-9.33		16,352.32		16,352.32
Lantro Phils., Inc.	XX-9.34		2,094.64		2,094.64
Alecto General Technology Corp.	XX-9.35		547,500.00		547,500.00
Lantro Phils., Inc.	XX-9.36		242,221.52		242,221.52
Lantro Phils., Inc.	XX-9.37		242,221.52		242,221.52
Lantro Phils., Inc.	XX-9.38		242,221.52		242,221.52
Lantro Phils., Inc.	XX-9.39		1,816.92		1,816.92
Lantro Phils., Inc.	XX-9.45		80,740.51		80,740.51
Salemaire Industries Corp.	XX-9.53			₱ 442,500.00	442,500.00
Salemaire Industries Corp.	XX-9.54			281,437.50	281,437.50
Alecto General Technology Corp.	XX-9.55			384,093.71	384,093.71
Alecto General Technology Corp.	XX-9.57			54,870.53	54,870.53
Salemaire Industries Corp.	XX-9.58			14,812.50	14,812.50
Salemaire Industries Corp.	XX-9.59			63,214.29	63,214.29
Salemaire Industries Corp.	XX-9.60			42,321.43	42,321.43
Sub-total		-	***1,720,465.94***	***1,283,249.96***	***3,003,715.90***
TOTAL		**₱9,837.90**	**₱ 1,720,465.94**	**₱ 1,361,464.25**	**₱ 3,091,768.09**

Thus, out of the input tax of P9,056,539.18 on purchases of capital goods exceeding P1Million for the four quarters of FY 2010, only the amount of P4,249,143.49, as detailed below, was properly substantiated by VAT invoices/official receipts, computed as follows:

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
Input VAT on purchases of Capital Goods exceeding ₱1M	₱188,588.20	₱ 688,252.50	₱ 6,216,325.32	₱ 1,963,373.16	₱ 9,056,539.18
Less: Disallowances					
Per ICPA Report	188,588.20	-	1,193,412.72	333,626.68	1,715,627.60
Per this Court's verification		9,837.90	1,720,465.94	1,361,464.25	3,091,768.09
Total	*188,588.20*	*9,837.90*	*2,913,878.66*	*1,695,090.93*	*4,807,395.69*
Total substantiated input VAT on capital goods exceeding P1M	**₱ -**	**₱678,414.60**	**₱ 3,302,446.66**	**₱ 268,282.23**	**₱ 4,249,143.49**

Supplier	Exhibit	2nd Qtr	3rd Qtr	4th Qtr	Total
Cornersteel Systems Corp.	XX-9.2	96,428.57			96,428.57
Walls in Motion	XX-9.3	16,607.14			16,607.14
Automatic Fire Sprinkler System Co. Ltd.	XX-9.5	12,000.00			12,000.00
Salemaire Industries Corp.	XX-9.6	84,642.86			84,642.86
Salemaire Industries Corp.	XX-9.7	126,428.57			126,428.57
Cornersteel Systems Corp.	XX-9.8		209,046.65		209,046.65
Cornersteel Systems Corp.	XX-9.9		97,480.29		97,480.29
Cornersteel Systems Corp.	XX-9.10		181,314.82		181,314.82
Cornersteel Systems Corp.	XX-9.11		360,720.00		360,720.00
Cornersteel Systems Corp.	XX-9.12		60,067.29		60,067.29
Cornersteel Systems Corp.	XX-9.13		145,051.86		145,051.86
Cornersteel Systems Corp.	XX-9.14		41,809.32		41,809.32
Cornersteel Systems Corp.	XX-9.15		36,262.97		36,262.97
Cornersteel Systems Corp.	XX-9.16		19,496.06		19,496.06
Cornersteel Systems Corp.	XX-9.17		77,984.23		77,984.23
Cornersteel Systems Corp.	XX-9.18		288,576.00		288,576.00
Cornersteel Systems Corp.	XX-9.19		167,237.28		167,237.28
Cornersteel Systems Corp.	XX-9.20		19,285.71		19,285.71
Emerson Network Power (Phils) Inc.	XX-9.21		102,180.00		102,180.00
Emerson Network Power (Phils) Inc.	XX-9.22		251,853.43		251,853.43
Emerson Network Power (Phils) Inc.	XX-9.23		25,285.72		25,285.72
Walls in Motion	XX-9.26		13,285.71		13,285.71
Automatic Fire Sprinkler System Co. Ltd.	XX-9.27		33,000.00		33,000.00
Walls in Motion	XX-9.28		3,321.43		3,321.43
RCW Construction & Development Corp.	XX-9.29		117,857.14		117,857.14
Emerson Network Power (Phils) Inc.	XX-9.40		3,750.00		3,750.00
Powergear Electrical Sales	XX-9.41		128,571.43		128,571.43
RCW Construction & Development Corp.	XX-9.42		187,687.50		187,687.50
Emerson Network Power (Phils) Inc.	XX-9.43		33,750.00		33,750.00
Barrington Carpets, Inc.	XX-9.25		85.68		85.68
Cornersteel Systems Corp.	XX-9.44		75,084.12		75,084.12
Lantro Phils., Inc.	XX-9.47			10,092.65	10,092.65
Cornersteel System	XX-9.48			15,016.82	15,016.82
RCW Construction & Development Corp.	XX-9.49			38,775.00	38,775.00
RCW Construction & Development Corp.	XX-9.50			13,392.85	13,392.85
Functionsmith Sales & Services	XX-9.51			1,022.40	1,022.40
Functionsmith Sales & Services	XX-9.52			9,201.60	9,201.60
Lantro Phils., Inc.	XX-9.61			7,878.91	7,878.91
Functionsmith Sales & Services	XX-9.64	14,187.17			14,187.17
Functionsmith Sales & Services	XX-9.65	5,250.00			5,250.00
DB & B Philippines Inc.	XX-9.66	112,200.00			112,200.00
RCW Construction & Development Corp.	XX-9.67	153,214.29			153,214.29
Meinhardt Philippines Inc.	XX-9.68	57,456.00			57,456.00
Functionsmith Sales & Services	XX-9.69		47,072.16		47,072.16
Functionsmith Sales & Services	XX-9.70		2,625.00		2,625.00
Functionsmith Sales & Services	XX-9.71		18,375.00		18,375.00
Functionsmith Sales & Services	XX-9.72		7,093.58		7,093.58
Cornersteel System	XX-9.73		77,142.86		77,142.86

Jones Lang Lasalle (Phils) Inc.	XX-9.74		100,800.00		100,800.00
RCW Construction & Development Corp.	XX-9.75		204,293.42		204,293.42
RCW Construction & Development Corp.	XX-9.76		165,000.00		165,000.00
Meinhardt Philippines Inc.	XX-9.78			19,152.00	19,152.00
RCW Construction & Development Corp.	XX-9.79			41,250.00	41,250.00
RCW Construction & Development Corp.	XX-9.80			58,928.57	58,928.57
RCW Construction & Development Corp.	XX-9.81			6,696.43	6,696.43
RCW Construction & Development Corp.	XX-9.82			46,875.00	46,875.00
TOTAL		**₱678,414.60**	**₱3,302,446.66**	**₱268,282.23**	**₱4,249,143.49**

However, pursuant to Section 110 (A) of the NIRC of 1997, as amended, as implemented by Section 4.110-3 of RR No. 16-2005, the input VAT claim on capital goods purchases attributable to zero-rated sales may be claimed either in full during the month of acquisition, or spread over a period of time, depending on the aggregate acquisition cost of the capital goods in the calendar month. If the aggregate acquisition cost exceeds P1 Million, the claim for input tax should be spread over 60 months or the estimated useful life of the capital goods, whichever is shorter. On the other hand, if the aggregate acquisition cost does not exceed P1 Million, the total input taxes shall be allowed as credit/refund in the month of acquisition

Thus, while petitioner was able to substantiate the amount of P4,249,143.49, only the amortization[18] of the foregoing input taxes in the amount of P379,410.13, as detailed below, may be claimed by petitioner as valid input tax credits for the FY 2010:

Supplier	**Annex of Exh XX & ZZ**	**Exhibit**	**2nd Qtr**	**3rd Qtr**	**4th Qtr**	**Total**
Cornersteel Systems Corp.	4-2Q-1	XX-9.2	₱ 6,428.57			₱ 6,428.57
Walls in Motion	4-2Q-2	XX-9.3	1,897.96			1,897.96
Automatic Fire Sprinkler System Co. Ltd.	4-2Q-2	XX-9.5	1,371.43			1,371.43
Salemaire Industries Corp.	4-2Q-3	XX-9.6	9,673.47			9,673.47
Salemaire Industries Corp.	4-2Q-3	XX-9.7	14,448.98			14,448.98
Cornersteel Systems Corp.	4-3Q-1	XX-9.8		₱ 13,936.44		13,936.44
Cornersteel Systems Corp.	4-3Q-1	XX-9.9		6,498.69		6,498.69
Cornersteel Systems Corp.	4-3Q-1	XX-9.10		12,087.65		12,087.65
Cornersteel Systems Corp.	4-3Q-1	XX-9.11		24,048.00		24,048.00
Cornersteel Systems Corp.	4-3Q-1	XX-9.12		6,864.83		6,864.83
Cornersteel Systems Corp.	4-3Q-1	XX-9.13		9,670.12		9,670.12

[18] Based on the estimated life in months as presented in Annex 3a of the ICPA Report (Exhibit XX).

Cornersteel Systems Corp.	4-3Q-1	XX-9.14		2,787.29		2,787.29
Cornersteel Systems Corp.	4-3Q-1	XX-9.15		2,417.53		2,417.53
Cornersteel Systems Corp.	4-3Q-1	XX-9.16		1,299.74		1,299.74
Cornersteel Systems Corp.	4-3Q-1	XX-9.17		5,198.95		5,198.95
Cornersteel Systems Corp.	4-3Q-1	XX-9.18		19,238.40		19,238.40
Cornersteel Systems Corp.	4-3Q-1	XX-9.19		11,149.15		11,149.15
Cornersteel Systems Corp.	4-3Q-1	XX-9.20		1,285.72		1,285.72
Emerson Network Power (Phils) Inc.	4-3Q-1	XX-9.21		11,677.72		11,677.72
Emerson Network Power (Phils) Inc.	4-3Q-1	XX-9.22		28,783.24		28,783.24
Emerson Network Power (Phils) Inc.	4-3Q-1	XX-9.23		2,889.80		2,889.80
Walls in Motion	4-3Q-3	XX-9.26		1,518.37		1,518.37
Automatic Fire Sprinkler System Co. Ltd.	4-3Q-3	XX-9.27		3,771.43		3,771.43
Walls in Motion	4-3Q-3	XX-9.28		379.59		379.59
RCW Construction & Development Corp.	4-3Q-4	XX-9.29		13,469.39		13,469.39
Emerson Network Power (Phils) Inc.	4-3Q-4	XX-9.40		428.57		428.57
Powergear Electrical Sales	4-3Q-4	XX-9.41		14,693.88		14,693.88
RCW Construction & Development Corp.	4-3Q-4	XX-9.42		21,450.00		21,450.00
Emerson Network Power (Phils) Inc.	4-3Q-5	XX-9.43		3,857.16		3,857.16
Barrington Carpets, Inc.	4-3Q-5	XX-9.25		9.79		9.79
Cornersteel Systems Corp.	4-3Q-6	XX-9.44		8,581.04		8,581.04
Lantro Phils., Inc.	4-4Q-1	XX-9.47			₱ 946.20	946.20
Cornersteel System	4-4Q-2	XX-9.48			750.84	750.84
RCW Construction & Development Corp.	4-4Q-3	XX-9.49			3,421.32	3,421.32
RCW Construction & Development Corp.	4-4Q-3	XX-9.50			1,181.72	1,181.72
Functionsmith Sales & Services	4-4Q-4	XX-9.51			34.08	34.08
Functionsmith Sales & Services	4-4Q-5	XX-9.52			460.08	460.08
Lantro Phils., Inc.	4-4Q-6	XX-9.61			738.66	738.66
Functionsmith Sales & Services	2-2Q-1	XX-9.64	945.81			945.81
Functionsmith Sales & Services	2-2Q-1	XX-9.65	350.00			350.00
DB & B Philippines Inc.	2-2Q-2	XX-9.66	12,822.86			12,822.86
RCW Construction & Development Corp.	2-2Q-2	XX-9.67	17,510.20			17,510.20
Meinhardt Philippines Inc.	2-2Q-3	XX-9.68	6,566.40			6,566.40
Functionsmith Sales & Services	2-3Q-1	XX-9.69		3,138.14		3,138.14
Functionsmith Sales & Services	2-3Q-1	XX-9.70		175.00		175.00
Functionsmith Sales & Services	2-3Q-1	XX-9.71		1,225.00		1,225.00
Functionsmith Sales & Services	2-3Q-1	XX-9.72		472.91		472.91
Cornersteel System	2-3Q-2	XX-9.73		5,142.86		5,142.86
Jones Lang Lasalle (Phils) Inc.	2-3Q-3	XX-9.74		11,520.00		11,520.00
RCW Construction & Development Corp.	2-3Q-4	XX-9.75		23,347.82		23,347.82
RCW Construction & Development Corp.	2-3Q-4	XX-9.76		18,857.14		18,857.14
Meinhardt Philippines Inc.	2-4Q-1	XX-9.78			598.50	598.50
RCW Construction & Development Corp.	2-4Q-2	XX-9.79			2,500.00	2,500.00
RCW Construction & Development Corp.	2-4Q-2	XX-9.80			1,841.52	1,841.52
RCW Construction & Development Corp.	2-4Q-2	XX-9.81			209.26	209.26

RCW Construction & Development Corp.	2-4Q-2	XX-9.82			2,840.91	2,840.91
TOTAL			**₱ 72,015.68**	**₱ 291,871.36**	**₱ 15,523.09**	**₱379,410.13**

In sum, petitioner's total substantiated input VAT for the four quarters of FY 2010 amounts to P3,875,260.34 , as computed below:

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	TOTAL
Input VAT on domestic purchases of goods other than capital goods and services	₱ 604,214.45	₱ 361,647.43	₱ 839,992.07	₱ 1,483,065.42	₱ 3,288,919.37
Input VAT deferred on capital goods exceeding ₱1M	51,732.71	51,732.71	51,732.71	51,732.71	206,930.84
Input VAT on capital goods exceeding ₱1M		72,015.68	291,871.36	15,523.09	379,410.13
Total Substantiated Input VAT	**₱655,947.16**	**₱485,395.82**	**₱1,183,596.14**	**₱ 1,550,321.22**	**₱3,875,260.34**

After applying petitioner's valid input VAT of P3,875,260.34 against its output VAT of P428.57 for the subject period of the claim, there remains an excess input VAT of P3,874,831.77, which can be attributed to the entire zero-rated sales/receipts declared by petitioner in the amount of P382,369,920.59. Accordingly, only the input VAT of P3,396,522.45 is attributable to the substantiated zero-rated sales of P336,700,861.99, as computed below:

Substantiated input VAT	₱ 655,947.16	₱ 485,395.82	₱ 1,183,596.14	₱ 1,550,321.22	₱ 3,875,260.34
Less: Output VAT				428.57	428.57
Substantiated excess input VAT	**655,947.16**	**485,395.82**	**1,183,596.14**	**1,549,892.65**	**3,874,831.77**
Multiply by substantiated zero-rated sales	61,913,339.95	74,958,221.29	97,514,333.46	102,314,967.29	336,700,861.99
Divided by total declared zero-rated sales	61,913,339.95	74,958,221.29	97,514,333.46	147,984,025.89	382,369,920.59
Excess input VAT Allocated to zero-rated sales	**₱ 655,947.16**	**₱ 485,395.82**	**₱1,183,596.14**	**₱1,071,583.33**	**₱3,396,522.45**

Although the claimed input VAT was carried-over by petitioner in its succeeding Quarterly VAT Returns[19], it remained unutilized until it was deducted as "VAT Refund/TCC claimed" in its Quarterly VAT Return for the fourth quarter of FY 2011[20]. Thus, the excess input VAT of P20,711,496.12[21] as of the end of the fourth quarter of FY 2011 which was carried-over to the succeeding first quarter of FY 2012[22] no longer included the subject claim.

In fine, petitioner has sufficiently established its entitlement to refund or issuance of tax credit certificate

[19] First Quarter of FY 2011 (Exhibit "G"), Second Quarter of FY 2011 (Exhibit "H"), Third Quarter of FY 2011 (Exhibit "I") and Fourth Quarter of FY 2011 (Exhibit "J").
[20] Line 23D of Exhibit "J".
[21] Line 29 of Exhibit "J".
[22] Line 20A of Exhibit XX-11.

representing unutilized input VAT attributable to its zero-rated sales for the four quarters of Fiscal Year ended March 31, 2010 in the amount of P3,396,522.45.

WHEREFORE, the Decision dated July 15, 2015 promulgated in the instant case is **REVERSED and SET ASIDE**. Consequently, the Petition For Review dated September 9, 2011 filed by Macquarie Offshore Services Pty Ltd. - Philippine Branch, is hereby **PARTIALLY GRANTED**. Respondent Commissioner of Internal Revenue is **ORDERED TO REFUND** to petitioner the amount of P3,396,522.45 representing its excess and unutilized input value-added tax (VAT) attributable to its zero-rated sales for the fiscal year covering the period of April 1, 2009 to March 31, 2010.

SO ORDERED.

ESPERANZA R. FABON-VICTORINO
Associate Justice

We Concur:

LOVELL R. BAUTISTA
Associate Justice

(On Leave)
MA. BELEN M. RINGPIS-LIBAN
Associate Justice

ATTESTATION

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

LOVELL R. BAUTISTA
Chairperson

CERTIFICATION

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

ROMAN G. DEL ROSARIO
Presiding Justice