REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

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GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION PTE. LTD.,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

C.T.A. CASE NO. 6745

Members:

ACOSTA, *Chairperson*
BAUTISTA, and
CASANOVA, *JJ.*

Promulgated:

JUN 06 2008; 2:00pm

x -x

DECISION

BAUTISTA, *J.*:

This is a Petition for Review filed by the Government of Singapore Investment Corporation Pte. Ltd. praying for the refund or the issuance of a tax credit certificate in the amount of **FOUR MILLION SEVEN HUNDRED NINETY-FIVE THOUSAND FOUR HUNDRED SEVENTY-FIVE PESOS AND 95/100 (P4,795,475.95)**, allegedly representing the 25% final taxes withheld on cash dividends derived from its investments in shares of stocks of Philippine corporations covering the period from June 15, 2001 to August 30, 2002.

Government of Singapore Investment Corporation Pte. Ltd. (Petitioner) is a corporation duly organized and existing under the laws of the Republic of Singapore, with office at 168 Robinson Road, #37-01, Capital Tower, Singapore 068912.[1]

Respondent, on the other hand, is the duly appointed Commissioner of Internal Revenue, vested with authority, among others, to act upon and approve claims for refund or tax credit of overpaid or erroneously paid internal revenue taxes, including final taxes withheld at source on dividends received by non-residents.

Petitioner has an existing agreement[2] (Global Custody Agreement) with The Northern Trust Company (Northern Trust), a non-resident foreign corporation not engaged in trade or business in the Philippines, for the latter to be its global custodian bank to facilitate, among others, the remittance of dividend income received from petitioner's shareholdings in different corporations. In turn, Northern Trust appointed the Manila Branch of Hongkong Shanghai Banking Corporation (HSBC) as its Philippine-based sub-custodian, to act as its custodian bank to facilitate the settlement of the purchase and sale of Philippine shares of stocks, including the collection of dividends received from said investments.

It is petitioner's contention that during the period from June 15, 2001 to August 30, 2002, various Philippine corporations in which petitioner had holdings through Northern Trust and HSBC, declared cash dividends in favor of their shareholders in the total amount of P19,181,903.88. With respect to its share, the paying agent withheld from the corresponding cash dividends a twenty-five percent (25%) final tax amounting to P4,795,475.95 and remitted the same to the office of respondent as required under Section 2.58(A)(2) of Revenue Regulations No. 2-98.

Believing that it is exempt from the payment of the 25% withholding tax on the cash dividends, pursuant to Section 32(B)(7)(a) of the National Internal Revenue Code (NIRC) of 1997, as amended; petitioner then filed with respondent on July 8, 2003 a claim for refund

[1] Par. 1, Joint Stipulation of Facts and Issues, Docket, p. 70
[2] Exhibit "B"

or issuance of tax credit certificate for the amount of P4,795,475.95, representing the 25% final taxes withheld on the cash dividends allegedly remitted by petitioner's custodian bank and various transfer offices for the period covering from June 15, 2001 to August 30, 2002.[3]

Respondent's failure to give immediate action upon the said claim prompted petitioner to file the instant Petition for Review before this Court on August 11, 2003.

Respondent, in his Answer, states the following Special and Affirmative Defenses:

"4. He reiterates and repleads the preceding paragraphs of this answer as part of his Special and Affirmative Defenses;

5. Petitioner's claim for refund or issuance of tax credit certificate is still subject to administrative routinary investigation/examination by the respondent's Bureau;

6. Taxes paid and collected are presumed to have been made in accordance with law, hence, not refundable.

7. Petitioner's claim for refund in the amount of P4,795,475.95, representing the alleged 25% final taxes withheld on cash dividends derived from its investment in shares of stock of Philippine Corporations for the period covering June 15, 2001 to August 30, 2002 were not duly substantiated.

8. Petitioner's right to claim for refund of the alleged 25% final taxes withheld on cash dividends, for the period covering June and July of 2001 has already prescribed pursuant to Section 229 of the Tax Code.

9. Petitioner's income received from its stock investment in Philippine corporations is not exempt from Philippine income tax, but rather it is subject to the 25% final withholding tax.

10. It is incumbent upon the latter to show that it has complied with the provisions under Section 204 (c) in relation to Section 229 of the Tax Code. Otherwise, its failure to prove the same is fatal to its claim for refund.

11. Claims for refund are construed strictly against the claimant for the same partake the nature of exemption from taxation (***Commissioner of Internal Revenue vs. Ledesma, 31 SCRA 95***) and as such, they are looked upon with disfavor (***Western Minolco Corp. vs. Commissioner of Internal Revenue, 124 SCRA 121***)."

[3] Annex "C", Petition for Review

The parties stipulated the following issues[4] for the Court's resolution:

"1. Whether Petitioner is a financial institution wholly owned and controlled by the Government of Singapore;

2. Whether or not the Petitioner's claim for refund of alleged 25% final taxes withheld on cash dividends derived from its investment in shares of stock of Philippine Corporations for the period of June 15, 2001 to August 30, 2002 are substantiated by documentary evidence;

3. Whether or not Petitioner is exempt from 25% final withholding tax from cash dividends;

4. Whether or not Petitioner is entitled to the claim for refund prayed for in its Petition for Review."

Petitioner asserts that it is a financial institution wholly-owned and controlled by the Government of Singapore. In order to bolster this claim, petitioner submitted a notarized and authenticated copy of the Certification[5] issued by the Ministry of Finance of the Government of Singapore dated May 21, 2003, signed by Ms. Danielle Yew, Director for Governance and Investment, certifying that petitioner is wholly-owned by the Government of Singapore and was incorporated under the Singapore Companies Act on May 22, 1981. Petitioner's principal objective is to manage Singapore's foreign reserves.[6]

As a financial institution wholly-owned and controlled by the Government of Singapore, petitioner now claims exemption from the payment of Philippine income taxes on any income derived from its stock investments in Philippine corporations.

Petitioner anchors its claim on Section 32(B)(7)(a) of the NIRC of 1997, which grants income tax exemptions on dividend income derived by (a) foreign governments, (b) financing institutions owned, controlled, or those enjoying refinancing from foreign governments, and (c) international or regional financial institutions established by foreign governments from investments in the Philippines in loans, stocks, bonds, or other domestic securities. For easy reference, said Section is hereunder quoted as follows:

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[4] Stipulation of Issues, Joint Stipulation of Facts and Issues, Docket, p. 73
[5] Exhibit "A"
[6] Petitioner's Memorandum, Docket, p. 404.

"**Section 32. Gross Income.** -

xxx xxx xxx

(B) **Exclusion from Gross Income.** — The following items shall not be included in gross income and shall be exempt from taxation under this Title:

xxx xxx xxx

(7) **Miscellaneous items.** —

(a) Income Derived by Foreign Government. – Income derived from investments in the Philippines in loans, stocks, bonds, or other domestic securities, or from interest on deposits in banks in the Philippines by (i) foreign governments, (ii) financing institutions owned, controlled, or enjoying refinancing from foreign governments, and (iii) international or regional financing institutions established by foreign governments.

xxx xxx xxx"

Moreover, BIR Ruling DA-130-02 recognized the exemption of petitioner from income tax under the afore-mentioned Section of the NIRC of 1997. In the said Ruling, respondent ruled that Reco Grandhomes Pte, Ltd., being a non-resident foreign corporation registered under the laws of Singapore and 100% beneficially-owned by the Government of Singapore, is exempt from the payment of Philippine income tax.[7]

Petitioner argues that beginning 1998, the Philippine Stock Exchange adopted the scripless trading system. Under this system, settlement of purchases and sales of shares of stocks, as well as the distribution of dividends, is made through electronic books entry system rather than by physical movement of certificates and documents.[8] In this regard, the paying agents are not aware of the identities of the particular shareholders who are

[7] Petitioner's Memorandum, Docket, pp. 405-406
[8] TSN of March 15, 2004 hearing, pp. 24-33; Exhibits "G-8" to "G-14"

entitled to receive the dividends, as they withhold the final tax on the dividends and remit the same to respondent, pursuant to Section 2.58(A)(2) of Revenue Regulations No. 2-98.[9]

In view thereof, petitioner contends that its payment of final withholding taxes on dividends derived from its investments in shares of stocks of Philippine corporations for the period covering June 15, 2001 to August 30, 2002 were erroneously made.

Petitioner presented various documentary evidence to substantiate its claim, to wit:

1. Certification[10] issued by the Ministry of Finance of the Republic of Singapore showing that petitioner is wholly owned by the Government of Singapore with the attached Certificate of Authentication;

2. Global Custody Agreement between petitioner and The Northern Trust Company with attached Certificate of Authentication[11];

3. Certificate[12] issued by Northern Trust dated January 27, 2004 enumerating the amounts of dividend income paid to petitioner for the period from October 15, 2000 to August 26, 2002;

4. Special Power of Attorney[13] in favor of Hongkong Shanghai Bank Corporation appointing the latter as petitioner's attorney-in-fact with respect to the filing of the claim for refund of erroneously paid withholding taxes for the period covering June 15, 2001 to August 30, 2002;

5. Administrative Claim for Refund[14];

6. Certification[15] from HSBC as to the holdings of Northern Trust;

7. Various Monthly Remittance Returns covering the months of June 2001 to August 2002[16]; and

8. Various BIR-RAD Certificates[17] showing the amounts of final withholding taxes on cash dividends derived from investments in shares of stock remitted by Philippine corporations.

At this point, it is vital for this Court to determine whether petitioner is wholly-owned or controlled by the Government of Singapore.

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[9] Petitioner's Memorandum, Docket, p. 412
[10] Exhibit "A"
[11] Exhibit "B"
[12] Exhibit "C"
[13] Exhibit "D"
[14] Exhibit "E"
[15] Exhibits "F" to "F-10"
[16] Exhibits "GG-1", "HH", "HH-1", "II","II-1" to "II-3", "JJ", "JJ-1" and "JJ-2"
[17] Exhibits "LL" to "OO"

A perusal of the documentary evidence presented by petitioner reveals that indeed petitioner is wholly-owned and controlled by the Government of Singapore. This Court is convinced that the Certification issued by the Director of the Ministry of Finance of Singapore[18], which was duly notarized and certified by the Philippine Consul in Singapore, Crescente R. Relacion, to prove due execution of the said document as required under Sections 19, 24, and 30 of Rule 132 of the Revised Rules of Court, is genuine and duly executed.

It must be pointed out that this Court can give credence to documents executed in a foreign country only if there is an authentication issued by any Philippine Consular Office, its officer or deputy, proving its due execution. In the case of **Angelita Lopez vs. Court of Appeals, *et al.***,[19] the Honorable Supreme Court, ruled that a document executed in a foreign country shall be admitted upon showing of a Certification of Authentication, thus:

> "xxx when the special power of attorney is executed and acknowledged before a notary public or other competent official in a foreign country, it cannot be admitted in evidence unless it is certified as such in accordance with the foregoing provision of the rules by a secretary of embassy or legation, consul-general, consul, vice-consul or consular agent or by any officer in the foreign service of the Philippines stationed in the foreign country in which the record is kept of said public document and authenticated by the seal of his office. xxx"

In the same vein, the Certificate of Authentication issued by the Philippine Consul in Singapore certifying the due execution of the document issued by Singapore's Ministry of Finance is sufficient to prove the validity and genuineness of said document. Thus, on the basis of the above findings, this Court can safely conclude that petitioner is a financing institution wholly-owned and controlled by the Government of Singapore and legally exempt from the final tax on dividends. This was likewise the Court's ruling in the case of **Government of Singapore Investment Corporation Pte. Ltd. vs. Commissioner of**

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[18] Exhibit "A"
[19] G.R. No. 77008, December 29, 1987

Internal Revenue[20], which basically involved the same parties and issues as this instant case.

This Court now proceeds with the examination of the other documents which support the claim for refund.

It is noteworthy that the Philippine Stock Exchange adopted the scripless trading system in 1998. This system affected the usual documentation processes of the transactions that took place in the stock market; and consequently, the taxes involved therein. As pointed out by petitioner and duly discussed by Mr. Angelo Aquino, Assistant Manager of the Corporate Action Section of the Custody and Clearing Department of HSBC; the scripless system, duly recognized by respondent in BIR Ruling No. 039-97 dated April 3, 1997, is a trading system where settlement is carried out via Book of Entry Settlement System rather than by physical movement of certificates and documents. In other words, all transactions under the scripless trading system are done electronically, as compared to previous practice where there was physical movement of the certificates of stocks.[21]

After a thorough examination of the documents submitted, this Court finds for petitioner; inasmuch as petitioner had satisfactorily proven and properly discussed the fact that the cash dividends were declared and remitted from the Philippine Central Depository (PCD), the facilities for holding of securities or records, to HSBC, then to Northern Trust, and finally to petitioner.

The relationship between petitioner, Northern Trust and HSBC, the flow of investments and cash dividends, and when the final tax of 25% is withheld are illustrated, as follows:

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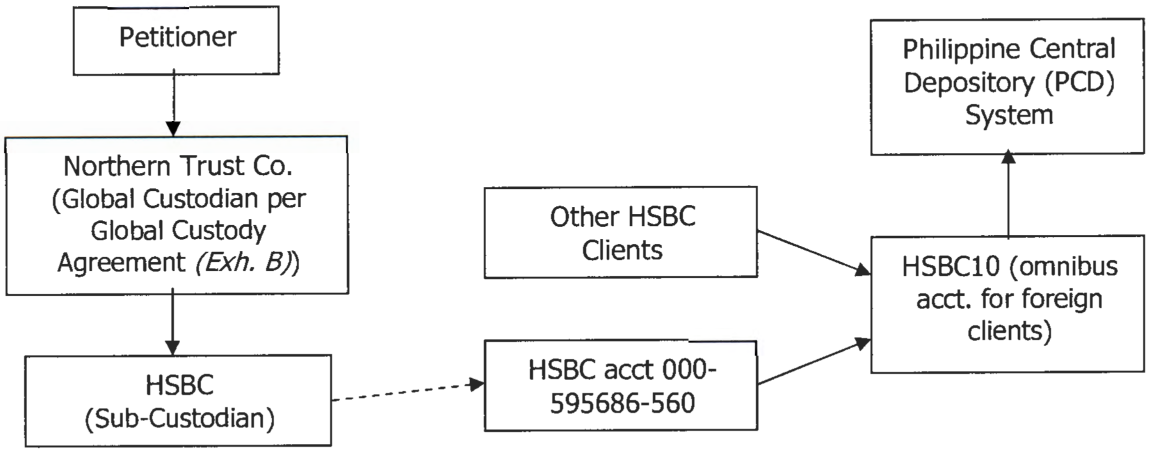
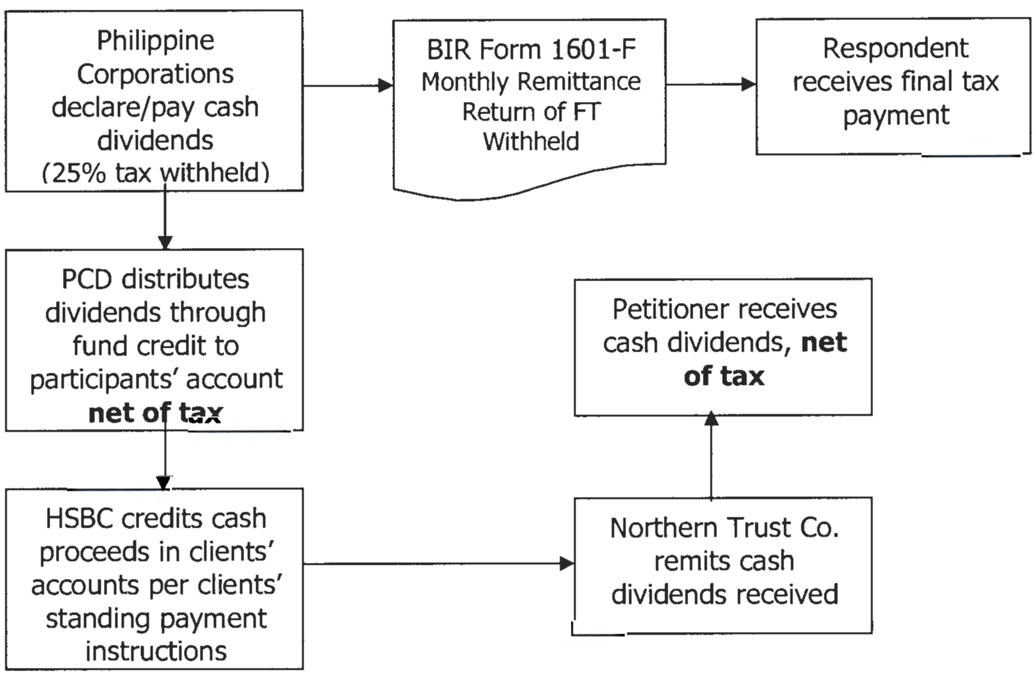
[20] CTA Case No. 5568, February 10, 2000
[21] TSN of March 15, 2004 hearing, pp. 24-33

<u>Investments</u> *(Exhibit "G-1")*



<u>Dividends</u>



Based on records, petitioner obtained from PCD the EQ Member Transaction Report[22] for HSBC10[23] to prove that cash dividends were declared by various Philippine corporations and that HSBC10 was credited for the corresponding dividends received, net of tax withheld. The dividends received are summarized below:

[22] Exhibits "M-9" to "N-12"
[23] HSBC's Omnibus Account for foreign clients

Exh.	Issuer	Dividends Pay Date	Net Dividends
M-11-a	Universal Robina	20-Jul-01	P 3,806,141.49
M-12-a	Robinsons Land	27-Jul-01	238,557.50
M-13-a	Ionics Inc.	15-Aug-01	1,605,583.52
M-14-a	BPI	22-Aug-01	279,966,445.43
M-15-a	Ayala Land	24-Aug-01	26,195,020.93
CC	Ayala Corporation	31-Aug-01	21,573,956.43
M-16-a	San Miguel Corporation B	31-Aug-01	22,499,911.62
M-17-a	La Tondeña Distillers Inc.	14-Sep-01	4,560,192.77
M-18-a	Jollibee Food Corp.	10-Dec-01	5,306,873.97
M-19-a	San Miguel Corporation B	14-Dec-01	22,089,712.15
M-20-a	La Tondeña Distillers Inc.	18-Dec-01	5,557,417.34
N-1-a	BPI	13-Jan-02	91,504,404.93
N-2-a	La Tondeña Distillers Inc.	30-Jan-02	5,486,945.46
N-2-b	Cosmos Bottling Corp.	30-Jan-02	47,597,996.22
N-3-a	Ayala Corporation	11-Feb-02	18,949,009.09
N-4-a	Ayala Land	22-Feb-02	22,007,977.70
N-5-a	San Miguel Corporation B	31-May-02	8,227,563.03
N-6-a	SMPH	15-Jun-02	99,417,400.42
N-7-a	San Miguel Corporation B	26-Jun-02	24,883,733.54
N-8-a	Universal Robina	22-Jul-02	3,302,667.94
N-9-a	Robinsons Land	23-Jul-02	144,873.75
N-10-a	BPI	9-Aug-02	102,471,809.44
N-11-a	San Miguel Corporation B	26-Aug-02	24,886,824.39
N-12-a	Ayala Corporation	30-Aug-02	20,582,976.49
	TOTAL		**P 862,863,995.55**

On the other hand, HSBC certified that it received the following dividends in relation to the holdings of Northern Trust:[24]

Issuer	Pay Date	NT Holdings	Div. per share	Gross Dividends	Final Tax (25%)
Universal Robina	20-Jul-01	8,448,100	P 0.0500	P 422,405.00	P 105,601.25
Robinsons Land	27-Jul-01	5,413,000	0.0050	27,065.00	6,766.25
Ionics Inc.	15-Aug-01	156,000	0.1500	23,400.00	5,850.00
BPI (special)	22-Aug-01	2,543,850	0.8000	2,035,080.00	508,770.00
BPI (regular)	22-Aug-01	2,543,850	0.8000	2,035,080.00	508,770.00
Ayala Land	24-Aug-01	24,867,580	0.0300	746,027.40	186,506.85
Ayala Corporation	31-Aug-01	23,554,492	0.0300	706,634.76	176,658.69
San Miguel Corp. B	31-Aug-01	184,573	0.2500	46,143.25	11,535.81
La Tondeña Distillers	14-Sep-01	1,892,200	0.3750	709,575.00	177,393.75
Jollibee Food Corp.	10-Dec-01	182,850	0.1200	21,942.00	5,485.50
San Miguel Corp. B	14-Dec-01	339,573	0.2500	84,893.25	21,223.31
La Tondeña Distillers	18-Dec-01	1,678,400	0.3750	629,400.00	157,350.00
BPI	13-Jan-02	3,093,475	0.8000	2,474,780.00	618,695.00
La Tondeña Distillers	30-Jan-02	1,561,900	0.3750	585,712.50	146,428.13
Cosmos Bottling Corp.	30-Jan-02	1,816,200	0.445425	808,980.89	202,245.22
Ayala Corporation	11-Feb-02	17,519,492	0.0300	525,584.76	131,396.19
Ayala Land	22-Feb-02	24,101,908	0.0300	723,057.24	180,764.31
San Miguel Corp. B	31-May-02	185,060	0.3500	64,771.00	16,192.75

[24] Exhibits "F-1" to "F-8" and "F-10"

SMPH	15-Jun-02	25,224,438	0.0300	756,733.14	189,183.29
SMPH	15-Jun-02	25,224,438	0.0300	756,733.14	189,183.29
San Miguel Corp. B	26-Jun-02	185,060	0.3000	55,518.00	13,879.50
Universal Robina	22-Jul-02	3,217,500	0.0500	160,875.00	40,218.75
Robinsons Land	23-Jul-02	5,413,000	0.0050	27,065.00	6,766.25
BPI	9-Aug-02	4,056,850	0.8000	3,245,480.00	811,370.00
San Miguel Corp. B	26-Aug-02	253,060	0.3000	75,918.00	18,979.50
Ayala Corporation	30-Aug-02	17,866,836	0.0300	536,005.08	134,001.27
TOTAL		**201,523,685**		**P18,284,859.41**	**P 4,571,214.86**

Note: ***Not all*** *of Northern Trust holdings in the HSBC account are petitioner's holdings.*

Finally, Northern Trust certified that it received the following dividends in relation to petitioner's holdings[25]:

Corporation	**Pay Date**	**Gross Dividends**	**Final Tax (25%)**	**Net Dividends**
Universal Robina	20-Jul-01	180,200.00	45,050.00	135,150.00
Robinsons Land Corp.	27-Jul-01	27,065.00	6,766.25	20,298.75
Ionics Inc. (Phils.)	15-Aug-01	23,400.00	5,850.00	17,550.00
BPI	22-Aug-01	1,872,000.00	468,000.00	1,404,000.00
BPI	22-Aug-01	3,744,000.00	936,000.00	2,808,000.00
Ayala Land Inc.	24-Aug-01	647,048.16	161,762.04	485,286.12
Ayala Corporation	31-Aug-01	607,555.08	151,888.77	455,666.31
San Miguel Corporation	31-Aug-01	8,175.00	2,043.75	6,131.25
La Tondeña Distillers	14-Sep-01	709,575.00	177,393.76	532,181.24
Jollibee Foods	10-Dec-01	21,942.00	5,485.50	16,456.50
San Miguel Corporation	14-Dec-01	35,825.00	8,956.25	26,868.75
La Tondeña Distillers	18-Dec-01	629,400.00	157,350.01	472,049.99
BPI	13-Jan-02	2,311,700.00	577,925.00	1,733,775.00
La Tondeña Distillers	30-Jan-02	585,712.50	146,428.13	439,284.37
Cosmos Bottling	30-Jan-02	808,980.89	202,245.22	606,735.67
Ayala Corporation	11-Feb-02	327,625.08	81,906.27	245,718.81
Ayala Land Inc.	22-Feb-02	613,188.00	153,297.00	459,891.00
San Miguel Corporation	31-May-02	25,410.00	6,352.50	19,057.50
SM Prime Holdings, Inc.	17-Jun-02	359,493.00	89,873.25	269,619.75
SM Prime Holdings, Inc.	17-Jun-02	838,817.00	209,704.25	629,112.75
San Miguel Corporation	25-Jun-02	21,780.00	5,445.00	16,335.00
Universal Robina	22-Jul-02	160,875.00	40,218.75	120,656.25
Robinsons Land Corp.	23-Jul-02	27,065.00	6,766.25	20,298.75
BPI	9-Aug-02	2,837,912.00	709,478.00	2,128,434.00
San Miguel Corporation	26-Aug-02	21,780.00	5,445.00	16,335.00
Ayala Corporation	30-Aug-02	260,395.08	65,098.77	195,296.31
TOTAL		**P 17,706,918.79**	**P 4,426,729.72**	**P 13,280,189.07**

Although the claim that the cash dividends were declared and remitted has been satisfactorily proven from the foregoing; however, the remittance of the final taxes withheld should also be substantiated.

[25] Exhibit "C"

It is represented that the issuing Philippine corporations/withholding agents are not aware of the identities of the stockholders; hence, the amounts of final withholding taxes shown in the Monthly Remittance Returns cover all of the final taxes withheld from the cash dividends paid to all issuers' shareholders. Accordingly, petitioner's final tax on its dividend income is lumped with all of the other final taxes withheld from other shareholders.[26]

Petitioner submitted Certifications from various agents[27] that the Philippine corporations in which petitioner has investments, declared and paid cash dividends on certain dates. It also presented Certifications from the Revenue Accounting Division of respondent's Bureau and Monthly Remittance Returns of Final Income Taxes Withheld (BIR Form No. 1601-F). The following is the summary of the final taxes remitted and received by the BIR:

Exh.	Payor/Withholding Agent	Month Covered	Date Remitted	Total Final Tax Withheld and Remitted
NN	Universal Robina Corporation	Jul-01	28-Aug-01	P 2,296,275.25
NN	Robinsons Land Corporation	Jul-01	28-Aug-01	146,498.72
HH-1/MM	Security Bank/Ionics Inc.	Aug-01	25-Sep-01	4,409,401.29
II-1/LL	Ayala Corporation	Aug-01	24-Sep-01	31,745,961.14
JJ-1/NN	Ayala Land Inc.	Aug-01	25-Sep-01	11,296,441.68
MM	BPI	Aug-01	25-Sep-01	277,412,806.07
OO	BPI	Jan-02	11-Feb-02	98,507,050.81
II-2/LL	Ayala Corporation	Feb-02	11-Mar-02	28,815,914.40
JJ-2/NN	Ayala Land Inc.	Mar-02	10-Apr-02	11,012,264.26
NN	SM Prime Holdings	Jun-02	11-Jul-02	45,844,171.25
NN	Universal Robina Corporation	Jul-02	12-Aug-02	2,375,659.57
NN	Robinsons Land Corporation	Jul-02	13-Aug-02	276,592.91
II-3/LL	Ayala Corporation	Aug-02	10-Sep-02	28,681,288.34
MM	BPI	Aug-02	10-Sep-02	109,347,452.04
	TOTAL			**P 652,167,777.73**

Taking the foregoing into consideration, this Court finds that the names of the following Philippine corporations relating to the claimed final tax of P870,442.12 were not included in the Certifications from the Revenue Accounting Division and likewise failed to submit their Monthly Remittance Returns:

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[26] Exhibit "PP"
[27] Exhibits "DD", "EE", "FF", "GG", "HH", "II", and "JJ"

Issuing Corporation	Pay Date	Gross Dividends	Final Tax Withheld (25%)
San Miguel Corporation	31-Aug-01	P 8,175.00	P 2,043.75
La Tondeña Distillers	14-Sep-01	709,575.00	177,393.76
Jollibee Foods	10-Dec-01	21,942.00	5,485.50
San Miguel Corporation	14-Dec-01	35,825.00	8,956.25
La Tondeña Distillers	18-Dec-01	629,400.00	157,350.01
La Tondeña Distillers	30-Jan-02	585,712.50	146,428.13
Cosmos Bottling	30-Jan-02	808,980.89	202,245.22
Ayala Land Inc.	22-Feb-02	613,188.00	153,297.00
San Miguel Corporation	31-May-02	25,410.00	6,352.50
San Miguel Corporation	25-Jun-02	21,780.00	5,445.00
San Miguel Corporation	26-Aug-02	21,780.00	5,445.00
TOTAL			**P 870,442.12**

In view thereof, the amount of P870,442.12 would be disallowed.

As regards the issue on prescription, Section 204(C), in relation to Section 229 of the NIRC of 1997, provides that claims for refund should be made within the prescriptive period of two (2) years. Meanwhile, Section 2.58(A)(2)(a) and (b) of Revenue Regulations No. 2-98 states that withholding tax returns, whether creditable or final, shall be filed and payments should be made within ten (10) days after the end of each month except for taxes withheld for December, which shall be filed on or before January 25 of the following year. For large taxpayers, however, the filing and payment should be made within twenty-five (25) days after the end of each month.

It is admitted that petitioner filed an administrative claim for refund or issuance of tax credit certificate on July 8, 2003, within the prescriptive period.[28] However, this instant Petition for Review was filed on August 11, 2003. Hence, pursuant to the afore-mentioned provisions of law, for the remittances made for the month of June 2001, petitioner had until July 25, 2003 within which to file both its administrative and judicial claims for refund. Considering that petitioner filed its judicial claim only on August 11, 2003, it follows that the taxes withheld for the month of June 2001 are already barred by prescription. Total final

[28] Par. 8, Joint Stipulation of Facts and Issues, Docket, p. 72

taxes withheld for the month of June 2001, per certification[29] issued by Northern Trust amounts to P368,746.25, are broken down as follows:

Corporation	Date Dividends Paid/Tax Withheld	Gross Dividends		Final Tax (25%)	
SM Prime Holdings, Inc.	15-Jun-01	P	926,233.00	P	231,558.25
Aboitiz Equity Ventures	15-Jun-01		181,204.00		45,301.00
Jollibee Foods	25-Jun-01		367,548.00		91,887.00
TOTAL		**P**	**1,474,985.00**	**P**	**368,746.25**

In sum, only the amount of P3,556,287.60 of the total claimed final tax is duly substantiated and valid for refund or issuance of tax credit certificate, computed as follows:

Total final tax claimed for refund			P	4,795,475.97
Less disallowances:				
Barred by prescription	P	368,746.25		
Not duly substantiated		870,442.12		1,239,188.37
Valid final tax for refund			**P**	**3,556,287.60**

The refundable final tax withheld consists of the following:

Issuing Corporation	Pay Date	Gross Dividends		Final Tax Withheld (25%)	
Universal Robina	20-Jul-01	P	180,200.00	P	45,050.00
Robinsons Land Corp.	27-Jul-01		27,065.00		6,766.25
Ionics Inc. (Phils.)	15-Aug-01		23,400.00		5,850.00
BPI	22-Aug-01		1,872,000.00		468,000.00
BPI	22-Aug-01		3,744,000.00		936,000.00
Ayala Land Inc.	24-Aug-01		647,048.16		161,762.04
Ayala Corporation	31-Aug-01		607,555.08		151,888.77
BPI	13-Jan-02		2,311,700.00		577,925.00
Ayala Corporation	11-Feb-02		327,625.08		81,906.27
SM Prime Holdings, Inc.	17-Jun-02		359,493.00		89,873.25
SM Prime Holdings, Inc.	17-Jun-02		838,817.00		209,704.25
Universal Robina	22-Jul-02		160,875.00		40,218.75
Robinsons Land Corp.	23-Jul-02		27,065.00		6,766.25
BPI	9-Aug-02		2,837,912.00		709,478.00
Ayala Corporation	30-Aug-02		260,395.08		65,098.77
TOTAL				**P**	**3,556,287.60**

WHEREFORE, the instant Petition for Review is hereby **PARTIALLY GRANTED**. Accordingly, respondent is hereby **ORDERED to REFUND or ISSUE A TAX CREDIT CERTIFICATE** in favor of petitioner the reduced amount of **THREE MILLION FIVE**

[29] Exhibit "C"

HUNDRED FIFTY-SIX THOUSAND TWO HUNDRED EIGHTY-SEVEN PESOS AND 60/100 (P3,556,287.60), representing the 25% final taxes withheld on the cash dividends derived from petitioner's investments in shares of stocks of Philippine corporations covering the period from June 15, 2001 to August 30, 2002.

SO ORDERED.

LOVELL R. BAUTISTA
Associate Justice

WE CONCUR:

ERNESTO D. ACOSTA
Presiding Justice

CAESAR A. CASANOVA
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's Division.

ERNESTO D. ACOSTA
Presiding Justice
Chairperson, First Division