REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

Second Division

MD RIO VISTA AGRI-VENTURES, INC.
Petitioner,

-*versus*-

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA CASE NO. 10624

Members:
RINGPIS-LIBAN, *Chairperson,*
MODESTO-SAN PEDRO, *and*
FERRER-FLORES, *JJ.*

Promulgated:
DEC 1 0 2024 4:30 p.m.

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DECISION

MODESTO-SAN PEDRO, J.:

The Case

Before this Court is a Petition for Review,[1] filed initially through email on October 6, 2021, with hardcopies received by the Court on October 22, 2021, by MD Rio Vista Agri-Ventures, Inc. ("MRVAVI" or "petitioner"), against respondent Commissioner of Internal Revenue ("CIR" or "respondent"), pursuant to *Section (7)(a)(1) of Republic Act No. 1125,*[2] *as amended by RA No. 9282,*[3] praying that judgment be rendered to reverse and set aside respondent's denial of petitioner's value added tax ("VAT") refund application and to grant the same claim in the amount of Php8,419,891.77, representing petitioner's alleged excess and unutilized input VAT for the period covering taxable year 2019 ("TY 2019").[4]

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1 Docket Vol. 1, pp. 9-27.
2 An Act Creating the Court of Tax Appeals, June 16, 1954.
3 An Act Expanding the Jurisdiction of the Court of Tax Appeals (CTA), Elevating Its Rank to the Level of a Collegiate Court with Special Jurisdiction and Enlarging Its Membership, Amending for the Purpose Certain Sections or Republic Act No. 1125, As Amended, Otherwise Known as the Law Creating the Court of Tax Appeals, and for Other Purposes; March 30, 2004.
4 Prayer, Petition for Review, *id.* pp. 33-34.

The Parties

Petitioner is a corporation duly organized and existing under and by virtues of the laws of the Philippines, with principal office address at Brgy. Pangi, Maco, Compostela Valley Province.[5] It is primarily engaged in developing, managing, owning, leasing and operating agricultural lands, farms, pasture lands, ranches and fishponds, as well as in planting and cultivation of cavendish bananas and other farm products.[6]

Petitioner is registered with the Bureau of Internal Revenue ("BIR") as a VAT-registered large taxpayer with identification number 005-210-007-000,[7] and with the Board of Investments ("BOI") as an existing export producer of cavendish banana with BOI Registration No. ("RN") 2019-263.[8] It is also a registered exporter with the Bureau of Customs ("BOC"), as evidenced by its Certificate of Registration issued on April 30, 2018,[9] and the Department of Trade and Industry Export Marketing Bureau ("DTI-EMB") issued on January 4, 2019.[10]

On the other hand, respondent is the Commissioner of the BIR, vested with the authority to decide, approve, and grant tax refunds pursuant to *Section 112 of the National Internal Revenue Code of 1997, as amended* ("Tax Code"). He may be served with summons and other Court processes at the BIR National Office Building, Agham Road, Diliman, Quezon City.[11]

The Facts

On May 11, 2021, petitioner filed with the BIR VAT Credit Audit Division an application for refund of the alleged utilized and excess creditable input VAT for a total amount of Php8,937,391.99 attributable to its zero-rated sales for the period January 1 to December 31, 2019.[12]

On September 6, 2021, petitioner received a letter dated August 4, 2021,[13] stating the BIR's denial of the entire amount of claim, citing the following reasons:

> 1. Verification and evaluation of the documents submitted resulted in disallowances of Php517.500.02. . . .

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[5] Articles of Incorporation, Exhibit "P-13", BIR Records, p. 171.
[6] *Id.*
[7] BIR Certificate of Registration, Exhibit "P-6", Docket Vol. 10, p. 5948.
[8] BOI Certificate of Registration, Exhibit "P-5", *id.* at 5944-5947.
[9] BOC Certificate of Registration, Exhibit "P-3", Docket Vol. 5, p. 2899.
[10] DTI-EMB Certificate of Accreditation, Exhibit "P-4", *id.* at 2900.
[11] See Joint Facts, Pre-Trial Order, Docket Vol. 10, p. 5713.
[12] Application for Tax Credits/Refunds (BIR Form No. 1914), Exhibit "P-16", BIR Records, p. 175.
[13] VAT Refund Notice, Exhibit "P-1", Docket Vol. 1, p. 45.

> 2. Facts of the case disclosed that your Company was issued Permit to Use (PTU) Computerized Accounting System (CAS) No. **1810_0112_PTU_CAS_000351** approved on October 10, 2018. The said permit covers the claimant's complete CAS, computerized books of accounts and the use/printing of system-generated accounting records which include, among others, **CHARGE INVOICES with serial range from 0000001 to 9999999**. Issuance of the abovementioned CAS Permit was likewise verified and affirmed by the Assistant Commissioner, Client Support Service. However, scrutiny and analysis of pertinent documents revealed that **your Company, for its sale of goods for the taxable year 2019, issued Commercial Invoices**, instead of Charge Invoices notwithstanding that the said CAS Permit approved the issuance of the latter and not otherwise.
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> Section V(P) of RMO No. 29-2002 in relation to RMO No. 21-2000 stipulates that **a taxpayer shall apply for a new permit to use CAS in case of any system enhancement that shall result in change in systems release** and/or version number. **In case a taxpayer is found using an enhanced system without the approval of the BIR, the permit originally issued shall be deemed automatically revoked from the time the enhanced system is adopted.** Conversely, **your Company was not able to show documents to prove whether an enhancement and/or modification on the said CAS Permit was requested from and approved by the concerned RDO relative to the foregoing concern.**
>
> Section 238 of the NIR of 1997, as amended, required that all persons who are engaged in business shall secure from the BIR an authority to print receipts or sales or commercial invoices before a printer can print the same. **Without this proof, the invoices or receipts would have no probative value for the purpose of refund.**
>
> Clearly in the instant case, the Commercial Invoices not covered by the BIR approved CAS Permit have no probative value. Hence, your Company was not able to comply with one of the requisites in establishing VAT zero-rated sales, which is the issuance of a valid Sales Invoices for its alleged zero-rated sale of goods. In this regard, your Company was not able to prove its zero-rated sales amounting to Php483,461,352.49.

Aggrieved, petitioner filed the instant Petition for Review on October 6, 2021, to which respondent filed his Answer[14] dated January 24, 2022, received by the Court on February 2, 2022. The BIR Records were thereafter forwarded to the Court and received on February 11, 2022.[15]

On March 4, 2022, respondent submitted the Judicial Affidavit of Revenue Officer Fatima M. Sampaga ("RO Sampaga") in lieu of direct examination of respondent's witness.[16] Respondent then filed his pre-trial brief on March 8, 2022.[17]

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[14] Answer, Docket Vol. 5, 2796-2803.
[15] Compliance, dated January 25, 2022, *id.* at 2769-2771
[16] Judicial Affidavit (of Fatima M. Sampaga), *id.* at 2780-2784.
[17] Respondent's Pre-Trial Brief, *id.* at 2805-2808.

Meanwhile, petitioner posted its Reply, dated February 17, 2022, which was received by the Court on March 7, 2022.[18]

Petitioner submitted its pre-trial brief on May 19, 2022,[19] with attached Judicial Affidavits of Marlon D. Dumail,[20] Sharon D. Sido,[21] and Joseph P. Basquina.[22]

The pre-trial conference then ensued on May 24, 2022.[23]

On May 31, 2022, petitioner filed a motion for the commissioning of Tibayan Santos Magpantay and Company, represented by Peter Raymond T. Santos, as Independent Certified Public Accountant (ICPA) who will perform audit functions in the instant case.[24] The same was granted during the hearing held on July 21, 2022.[25]

On June 23, 2022, the parties submitted their Joint Stipulation of Facts and Issues.[26] Thereafter, on July 20, 2022, the Court issued its pre-trial order.[27]

To support its claim, petitioner presented in Court its witnesses Dumail and Sido, during the hearing held on July 21, 2022,[28] and Basquina, on August 23, 2022.[29]

Petitioner also submitted the Judicial Affidavit of ICPA Santos, on September 5, 2022.[30] Prior to this, the ICPA Report[31] was filed directly with the Court on August 22, 2022. ICPA Santos was then called as witness before the Court on September 15, 2022.[32]

On October 5, 2022, petitioner submitted its Formal Offer of Evidence,[33] to which respondent filed its Comment[34] on October 6, 2022.

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18 Reply, dated February 17, 2022, *id.* at 2786-2793.
19 Pre-Trial Brief for Petitioner, *id.* at 2812-2837.
20 Judicial Affidavit of Marlon D. Dumail, *id.* at 2839-2866, with exhibits.
21 Judicial Affidavit of Sharon D. Sido, *id.* at 2867-2924, with exhibits.
22 Judicial Affidavit of Joseph P. Basquina, *id.* at 2925-2936.
23 See Minutes of hearing dated May 24, 2022, Docket Vol. 10, p. 5652.
24 Motion to Commission Independent Certified Public Accountant, *id.*, pp.5659-5671, with annexes.
25 See Minutes of hearing dated July 21, 2022, *id.* at 5738.
26 Joint Stipulation of Facts and Issues, *id.* at 5673-5679.
27 Pre-Trial Order, *id.* at 5712-5719.
28 See Minutes of hearing dated July 21, 2022, *id.* at 5738.
29 See Minutes of hearing dated August 23, 2022, *id.* at 5743.
30 Judicial Affidavit of Peter Raymond T. Santos, *id.* at 5826-5840
31 Independent CPA Report, CTA Case No. 10624, MD Rio Vista Agri-Ventures, Inc. vs. CIR, *id.* at 5750-5818.
32 Minutes of hearing dated September 15, 2022, *id.* at 5916.
33 Formal Offer of Evidence, *id.* at 5918-5965.
34 Comment, *id.* at 5967-5969.

In the resolution[35] on the offer of evidence, the Court admitted petitioner's exhibits except for "P-30-M-5", "P-30-M-213", "P-30-M-258", and "P-30-M-422", for not being found in the records of the case.

In view of thereof, petitioner filed a Motion for Reconsideration (of the Resolution dated 05 December 2022) with Motion to Admit the Attached Exhibits.[36] The same was partially granted by the Court by admitting Exhibits "P-30-M-213" and "P-30-M-422" in its resolution dated June 29, 2023.[37]

On the other hand, respondent presented RO Sampaga before the Court on September 5, 2023.[38]

Respondent then submitted his Formal Offer of Evidence[39] on September 7, 2023, to which petitioner filed its Comment[40] on September 22, 2023. The same was resolved by the Court on October 26, 2023.[41]

On December 6 and December 11, 2023, respondent[42] and petitioner[43] submitted their Memoranda, respectively.

After noting the foregoing submission and manifestation, the instant Petition was submitted for decision on December 20, 2023.

The Issue

The issues, as stipulated by the parties, are as follows:

> WHETHER THE MODIFICATION IN THE HEADER OF SYSTEM-GENERATED SALES INVOICE FROM "CHARGE SALES INVOICE" TO "COMMERCIAL INVOICE" CONSTITUTE SYSTEM ENHANCEMENT THAT REQUIRES PETITIONER TO APPLY FOR A NEW PERMIT TO USE COMPUTERIZED ACCOUNTING SYSTEM;

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35 Resolution dated December 5, 2022, *id.* at 5972-5973.
36 Motion for Reconsideration (of the Resolution dated 05 December 2022) with Motion to Admit the Attached Exhibits, *id.* at 5978-5982.
37 Resolution dated June 29, 2023, *id.* at 6004-6006.
38 See Minutes of hearing dated September 5, 2023, *id.* at 6007.
39 Formal Offer of Evidence, *id.* at 6010-6013.
40 Comment (to Respondent's Formal Offer of Evidence), *id.* at 6015-6018.
41 Resolution dated October 26, 2023, *id.* at 6021-6022.
42 Memorandum dated November 30, 2023, *id.* at 6023-6030.
43 Memorandum dated December 11, 2023, *id.* at 6032-6066.

> WHETHER PETITIONER IS ENTITLED TO REFUND OF EXCESS AND UNUTILIZED INPUT VAT FOR TAXABLE YEAR 2019 IN THE AMOUNT OF PHP8,419,891.77;
>
> WHETHER THE DECISION OF THE COMMISSIONER OF INTERNAL REVENUE IS CORRECT BASED ON THE DOCUMENTS PRESENTED BY PETITION TO RESPONDENT.[44]

Arguments of the Parties

Petitioner's Arguments[45]

Petitioner argues that it is entitled to a VAT refund for TY 2019 in the amount of Php8,419,891.77, representing the duly substantiated unutilized and excess creditable input VAT attributable to zero-rated transactions. Specifically, petitioner contends that it complied with all the requisites of a valid refund and submitted the required documents to support its application for refund. Petitioner also advances that it issued valid invoices for its zero-rated transactions, in compliance with *Section 237 and 238 of the Tax Code*, as the alleged automatic revocation of petitioner's PTUCAS has no basis in law, petitioner has a valid PTUCAS, and petitioner has a valid ATP, making the case of *Silicon vs. Commissioner of Internal Revenue*[46] inapplicable. Finally, petitioner raises that it was able to substantiate its entitlement to a tax refund in the amount of Php8,419,891.77.

Respondent's Counter-Arguments[47]

On the other hand, respondent maintains that the instant Petition for Review must be denied due to petitioner's failure to substantiate the claim for refund at the administrative level. He argues that since a decision has been rendered at the administrative level, petitioner cannot submit documents it did not present in its administrative claim and that the Court is confined to a more limited issue of whether the denial was proper given the evidence submitted at the administrative level.

Further, respondent avers that the denial of the refund is proper since the Commercial Invoices issued by petitioner are not covered by a duly issued Permit To Use (PTU) Computerized Accounting System (CAS). Respondent insists that petitioner's PTU CASE No. 1810_0112_PTU_CAS_00351 approved on October 10, 2018, allows the use/printing of system-generated

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[44] See Pre-Trial Order, *id.* at 5713-5714.
[45] See Memorandum for Petitioner, *id.* at 6043-6064.
[46] G.R. No. 172378, January 17, 2011.
[47] See Memorandum for Respondent, *id.* at 6024-6028.

accounting records which include Charge Invoices, among others, instead of Commercial Invoices issued for petitioner's sale of goods.

Respondent advances that in case a taxpayer is found using an enhanced system without the approval of the BIR, the permit originally issued shall be deemed automatically revoked from the time the enhanced system is adopted, pursuant to *Revenue Memorandum Order No. 29-2002*,[48] in relation to *RMO No. 21-2000.*[49] Conversely, petitioner was not able to show documents to prove whether a modification on the CAS Permit was requested from the BIR. Thus, according to respondent, the Commercial Invoices not covered by an approved CAS Permit has no probative value for the purpose of the instant claim for refund.

Lastly, respondent states that this case, being a tax refund, partakes of the nature of a tax exemption, thus should be construed *strictissimi juris* against the claimant and cannot be allowed unless granted in the most explicit and categorical language.

The Ruling of the Court

We deny the instant Petition for Review.

Claims for refund or issuance of a tax credit certificate of excess or unutilized creditable input VAT attributable to zero-rated sales are governed by *Sections 112(A) and (C) of the Tax Code*, as implemented by *Section 4.112.1 of the Revenue Regulations (RR) No. 16-2005*,[50] as amended by *RR No. 13-18*,[51] which respectively provide:

> SEC. 112. *Refunds or Tax Credits of Input Tax.* –
>
> (A) Zero-rated or Effectively Zero-rated Sales. – ***Any VAT-registered person***, whose ***sales are zero-rated or effectively zero-rated may, within two (2) years after the close of the taxable quarter when the sales were made,*** apply for the ***issuance of a tax credit certificate or refund of creditable input tax due or paid attributable to such sales, except transitional input tax, to the extent that such input tax has not been applied against output tax***: Provided, however, That in the case of zero-rated sales under Section 106(A)(2)(a)(1), (2) and (b) and Section 108(B)(1) and (2), the ***acceptable foreign currency exchange proceeds thereof had been duly accounted for in accordance with the rules and regulations of***

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48 Revised Procedures in the Processing and Approval of Applications for Permit to Adopt Computerized Accounting System (CAS) or Components Thereof Amending RMO 21-2000, dated September 16, 2002.

49 Prescribes the policies and procedures in the processing and approval of taxpayer's application for permit to adopt computerized accounting system and its components, dated August 3, 2000.

50 Consolidated Value-Added Tax Regulations of 2005, September 1, 2005.

51 Regulations Implementing the Value-Added Tax Provisions under the Republic Act (RA) No. 10963, or the "Tax Reform for Acceleration and Inclusion (TRAIN)," Further Amending Revenue Regulations (RR) No. 16-2005 (Consolidated Value-Added Tax Regulations of 2005), as Amended, March 15, 2018.

the Bangko Sentral ng Pilipinas (BSP): Provided, further, That where the taxpayer is engaged in zero-rated or effectively zero-rated sale and also in taxable or exempt sale of goods or properties or services, and the amount of creditable input tax due or paid cannot be directly and entirely attributed to any one of the transactions, it shall be allocated proportionately on the basis of the volume of sales: Provided, finally, That for a person making sales that are zero-rated under Section 108(B)(6), the input taxes shall be allocated ratably between his zero-rated and non-zero-rated sales.

. . .

(C) Period within which Refund or Tax Credit of Input Taxes shall be Made. – In proper cases, ***the Commissioner shall grant a refund or issue the tax credit certificate for creditable input taxes within one hundred twenty (120) [now 90]***[52] ***days from the date of submission of complete documents in support of the application filed in accordance with Subsection (A) hereof.***

In case of ***full or partial denial of the claim for tax refund or tax credit, or the failure on the part of the Commissioner to act on the application within the period prescribed above, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim or after the expiration of the one hundred twenty-day period, appeal the decision or the unacted claim with the Court of Tax Appeals.***

. . .

SEC. 4.112-1. *Claims for Refund/Credit of Input Tax.* –

(a) Zero-rated and Effectively Zero-rated Sales of Goods, Properties or Services

A VAT-registered person whose sales of goods, properties or services are zero-rated or effectively zero-rated may apply for the issuance of a tax refund of input tax attributable to such sales. The input tax that may be subject of the claim shall exclude the portion of input tax that has been applied against the output tax. The ***application should be filed within two (2) years after the close of the taxable quarter when such sales were made.***

In case of zero-rated sales under Secs. 106(A)(2)(a)(1) and (3), Secs. 108(B)(1) and (2) of the Tax Code, the payments for the sales must have been made in ***acceptable foreign currency duly accounted for in accordance with the BSP rules and regulations.***

Where the taxpayer is engaged in both zero-rated or effectively zero-rated sales and in taxable (including sales subject to final withholding VAT) or exempt sales of goods, properties or services, and the amount of creditable input tax due or paid cannot be directly and entirely attributed to any one of the transactions, only the proportionate share of input taxes allocated to zero-rated or effectively zero-rated sales can be claimed for refund or issuance of a tax credit certificate.

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[52] As amended under Section 36 of Republic Act No. 10963 or the Tax Reform for Acceleration and Inclusion (TRAIN) Law, effective January 1, 2018.

> In the case of a person engaged in the transport of passenger and cargo by air or sea vessels from the Philippines to a foreign country, the input taxes shall be allocated ratably between his zero-rated sales and non-zero-rated sales (sales subject to regular rate, subject to final VAT withholding and VAT-exempt sales).
> (Emphasis and italics supplied)

Based on the above provisions, the Supreme Court has jurisprudentially established certain requirements which must be complied with by the taxpayer-applicant to successfully obtain a credit/refund of input VAT, and said requisites may be classified into certain categories:

<u>As to the timeliness of the filing of the administrative and judicial claims</u>:

1. the administrative claim with the BIR should be filed within two ("2") years after the close of the taxable quarter when the pertinent zero-rated sales were made;[53]
2. that in case of full or partial denial of the refund claim, or the failure on the part of the respondent to act on the said claim within a period of one hundred twenty ("120") days, the judicial claim should be filed with this Court, within thirty ("30") days from receipt of the decision or after the expiration of the said 120-day period;[54]

<u>As to the taxpayer's registration with the BIR</u>:

3. the taxpayer is a VAT-registered person;[55]

<u>In relation to the taxpayer's output VAT</u>:

4. the taxpayer is engaged in zero-rated or effectively zero-rated sales;[56]
5. for zero-rated sales under *Sections 106(A)(2)(a)(1), (2), and (b) and 108(B)(1) and (2)*, the acceptable foreign currency exchange proceeds have been duly accounted for in accordance with BSP rules and regulations;[57]

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[53] Nippon Express (Philippines) Corporation v. Commissioner of Internal Revenue, G.R. No. 191495, July 23, 2018.
[54] *Id.*
[55] Intel Technology Philippines, Inc. v. Commissioner of Internal Revenue, G.R. No. 166732, April 27, 2007; Southern Philippines Power Corporation v. Commissioner of Internal Revenue, G.R. No. 179632, October 19, 2011; San Roque Power Corporation v. Commissioner of Internal Revenue, G.R. No. 180345, November 25, 2009.
[56] *Id.*
[57] *Id.*

<u>As regards the taxpayer's input VAT being refunded</u>:

6. the input taxes are not transitional input taxes;[58]
7. the input taxes are due or paid;[59]
8. the input taxes have not been applied against output taxes during and in the succeeding quarters;[60] and
9. the input taxes claimed are attributable to zero-rated or effectively zero-rated sales. However, where there are both zero-rated or effectively zero-rated sales and taxable or exempt sales and the input taxes cannot be directly and entirely attributable to any of these sales, the input taxes shall be proportionately allocated on the basis of sales volume.[61]

Upon review of the evidence offered by the parties, We find that petitioner failed to comply with these requisites and is thus not entitled to the refund of input VAT.

The Court is not limited by the evidence presented in the administrative claim; the taxpayer is allowed to present additional evidence with the CTA to support its claim for tax refund.

Before delving into the merits of the case, it must first be established that, contrary to respondent's claim, the Court is not limited to the evidence presented by a taxpayer in the administrative claim for refund.

Cased filed before the Court are litigated *de novo* wherein taxpayer-claimants must prove every minute aspect of their case.[62] Thus, petitioner must rightfully show compliance with the abovementioned requisites. The absence of any of the requirements constitutes a valid ground for the denial of the claim.

Accordingly, the Court disagrees with the respondent's myopic view that since an unfavorable decision has already been rendered at the administrative level, petitioner cannot present before the Court documents not submitted at the administrative level, and that the Court must be confined to a limited issue of whether the BIR's denial of the refund claim is warranted.

58 *Id.*
59 *Id.*
60 *Id.*
61 *Id.*
62 Commissioner of Internal Revenue vs. CE Casecnan Water and Energy Company, Inc, G.R. No. 212727, February 1, 2023; Commissioner of Internal Revenue vs. Univation Motor Philippines, Inc. (formerly Nissan Motor Philippines, Inc.), G.R. No. 231581, April 10, 2019.

We reiterate that as a court of record, the CTA has the authority to determine issues raised by the parties even if these were not raised in the administrative level. Similarly, it has the authority to accept evidence offered by the taxpayer-claimant to the Court, regardless of whether these were submitted at the administrative level.

This has been clearly enunciated by the Supreme Court in the case of *Commissioner of Internal Revenue vs. CE Casecnan Water and Energy Company, Inc.*[63] citing *Commissioner of Internal Revenue vs. Univation Motor Philippines, Inc. (formerly Nissan Motor Philippines, Inc.)*,[64] thus:

> The law creating the CTA specifically provides that proceedings before it shall not be governed strictly by the technical rules of evidence. The paramount consideration remains the ascertainment of truth. Thus, *the CTA is not limited by the evidence presented in the administrative claim in the Bureau of Internal Revenue. The claimant may present new and additional evidence to the CTA to support its case for tax refund.*
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> ***Cases filed in the CTA are litigated de novo*** as such, respondent "should prove every minute aspect of its case by presenting, formally offering and submitting. . . to the Court of Tax Appeals all evidence. . . required for the successful prosecution of its administrative claim." ***Consequently, the CTA may give credence to all evidence presented by respondent, including those that may not have been submitted to the CIR as the case is being essentially decided in the first instance***.
> (Emphasis and italics supplied)

Petitioner's administrative and judicial claims for refund were timely filed.

As regards the *first* and *second* requisites in refund claims relating to the timeliness of the administrative and judicial claims, the Court finds guidance from the ruling of the Supreme Court in case of *Nippon Express (Philippines) Corporation v. Commissioner of Internal Revenue,*[65] which states:

> . . . a VAT-registered taxpayer who has excess and unutilized creditable input VAT attributable to zero-rated sales may file an application for cash refund or issuance of TCC (administrative claim) before the CIR who has primary jurisdiction to decide such application. *The period within which to file the administrative claim is two (2) years reckoned from the close of the taxable quarter when the pertinent zero-rated sales were made.*
>
> From the submission of complete documents to support the administrative claim, *the CIR is given a 120-day period to decide.* In case of whole or partial denial of or inaction on the administrative claim, the

[63] G.R. No. 212727, February 1, 2023.
[64] G.R. No. 231581, April 10, 2019.
[65] G.R. No. 191495, July 23, 2018.

> taxpayer may bring his judicial claim, through a petition for review, before the CTA who has exclusive and appellate jurisdiction. *The period to appeal is thirty (30) days counted from the receipt of the decision or inaction by the CIR.*
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> . . .
>
> In the seminal cases of *Commissioner of Internal Revenue (Commissioner) v. Aichi Forging Company of Asia, Inc.* and *Commissioner v. San Roque Power Corporation/Taganito Mining Corporation v. Commissioner/Philex Mining Corporation v. Commissioner (San Roque),* the Court interpreted the 30-day period of appeal as mandatory and jurisdictional. Thus, noncompliance with the mandatory 30-day period renders the petition before the CTA void. The ruling in said cases as to the mandatory and jurisdictional character of the 30-day period of appeal was reiterated in a litany of cases thereafter.
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> Pertinently, the CTA law expressly provides that when the CIR fails to take action on the administrative claim, the "inaction shall be deemed a denial" of the application for tax refund or credit. The taxpayer-claimant must strictly comply with the mandatory period by filing an appeal with the CTA within thirty days from such inaction, otherwise, the court cannot validly acquire jurisdiction over it.
> (Italics supplied)

Thus, there are three relevant periods governing claims for refund of input VAT attributable to zero-rated or effectively zero-rated sales:

1. the administrative claim for refund or issuance of tax credit certificate must be filed by the VAT-registered taxpayer within two years from the close of the taxable quarter when the sales were made;
2. the CIR has 120 days (*now 90 days*)[66] to grant or deny the claim for refund from the date of submission of complete documents in support of the administrative application; and
3. the judicial appeal must be filed by the claimant within 30 days from the receipt of the decision denying the claim or after the expiration of the 120-day period (*now 90 days*), whichever comes first.[67]

In relation to the 120- or 90-day period above, the running of the same shall be triggered by the simultaneous submission by the taxpayer-applicant of the tax refund claim together with the complete supporting documents, as prescribed in *Revenue Memorandum Circular (RMC) No. 54-2014*,[68] in accordance with the pronouncement of the Supreme Court in *Pilipinas Total Gas, Inc., v. Commissioner of Internal Revenue,*[69] to wit:

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66 As amended by Section 36 of the Tax Reform for Acceleration and Inclusion (TRAIN) Law.
67 Commissioner of Internal Revenue vs. CE Casecnan Water and Energy Company, Inc., G.R. No. 212727, February 1, 2023.
68 Clarifies the issues relative to the application for Value-Added Tax (VAT) refund/credit under Section 112 of the Tax Code, as amended, dated June 17, 2014.
69 G.R. No. 207112, December 8, 2015.

To summarize, for the just disposition of the subject controversy, the rule is that from the date an administrative claim for excess unutilized VAT is filed, a taxpayer has thirty (30) days within which to submit the documentary requirements sufficient to support his claim, unless given further extension by the CIR. Then, upon filing by the taxpayer of his complete documents to support his application, or expiration of the period given, the CIR has 120 days within which to decide the claim for tax credit or refund. Should the taxpayer, on the date of his filing, manifest that he no longer wishes to submit any other addition documents to complete his administrative claim, the 120 day period allowed to the CIR begins to run from the date of filing.

In all cases, whatever documents a taxpayer intends to file to support his claim must be completed within the two-year period under Section 112(A) of the NIRC. The 30-day period from denial of the claim or from the expiration of the 120-day period within which to appeal the denial or inaction of the CIR to the CTA must also be respected.

It bears mentioning at this point that the foregoing summation of the rules should only be made applicable to those claims for tax credit or refund filed prior to June 11, 2014, such as the claim at bench. *As it now stands, RMC 54-2014 dated June 11, 2014 mandates that:*

> *The application for VAT refund/tax credit must be accompanied by complete supporting documents as enumerated in Annex "A" hereof. In addition, the taxpayer shall attach a statement under oath attesting to the completeness of the submitted documents (Annex B). The affidavit shall further state that the said documents are the only documents which the taxpayer will present to support the claim. If the taxpayer is a juridical person, there should be a sworn statement that the officer signing the affidavit (i.e., at the very least, the Chief Financial Officer) has been authorized by the Board of Directors of the company.*
>
> Upon submission of the administrative claim and its supporting documents, the claim shall be processed and no other documents shall be accepted/required from the taxpayer in the course of its evaluation. A decision shall be rendered by the Commissioner based only on the documents submitted by the taxpayer. The application for tax refund/tax credit shall be denied where the taxpayer/claimant failed to submit the complete supporting documents. For this purpose, the concerned processing/investigating office shall prepare and issue the corresponding Denial Letter to the taxpayer/claimant.

Thus, under the current rule, the reckoning of the 120-day period has been withdrawn from the taxpayer by RMC 54-2014, since it requires him at the time he files his claim to complete his supporting documents and attest that he will no longer submit any other document to prove his claim. Further, the taxpayer is barred from submitting additional documents after he has filed his administrative claim.
(Italics supplied)

Here, petitioner's claim covers all the taxable quarters of TY 2019, ending March 31 (for the first quarter / Q1), June 30 (for the second quarter / Q2), September 30 (for the third quarter / Q3), and December 31, 2019 (for the fourth quarter / Q4). Applying the two-year prescriptive period for the filing of the administrative claim, the same was unquestionably timely filed on May 11, 2021,[70] in relation to Q2 to Q4 of TY 2019.

As for Q1 of TY 2019, petitioner originally had until March 31, 2021 within which to file its claim for VAT refund with the BIR. However, due to the Corona Virus Disease 2019 (COVID-19), the statutory deadlines and timeliness for the filling and submission of any document were extended. The filing of the VAT refund claims was extended for 30 days after the lifting of the Enhanced Community Quarantine (ECQ) or Modified Enhanced Community Quarantine (MECQ), pursuant to *Section 5 of Revenue Regulations No. 27-20.*[71]

Consistent thereto, the BIR extended the filing of VAT refund claims prescribing on March 31, 2019, until April 12, 2021.[72] On April 5, 2021, *RMC No. 45-2021*[73] was issued, extending the deadline for filing of VAT refund applications with the VCAD which falls due on April 12, 2021, per *RMC No. 39-2021* to 30 days from the lifting of the ECQ. Thereafter, the National Capital Region (NCR), among others, was placed under General Community Quarantine (GCQ), starting May 15, 2021, until May 31, 2021. Counting 30 days from May 15, 2021, petitioner had until June 14, 2021 to file its administrative claim for Q1 of TY 2019. Thus, petitioner's administrative claim for refund of unutilized input VAT for Q1 of TY 2019, was likewise timely filed on May 11, 2021.

A summary of the relevant dates for filing the administrative claim is shown in the table below:

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[70] See BIR Form 1914 stamped received by BIR on May 11, 2021, *supra* note 12.

[71] Regulations suspending the Filing and Ninety (90) - Day Processing of Value-Added Tax (VAT) Refund Claims Anchored Under Section 112 of the Tax Code of 1997, as Amended, in Relation to Section 4(tt) of Republic Act (R.A.) No - 11494, Otherwise Known as the "Bayanihan to Recover as One Act", dated October 6, 2020.

[72] Revenue Memorandum Circular No. 39-2021, Extension of the Deadline for the Filing of Applications and Suspension of the Ninety (90)-Day Processing of Value-Added Tax (VAT) Refund Claims Pursuant to Section 112 of the Tax Code of 1997, as amended by the R.A. No. 10963 (TRAIN Law) with the VAT Credit Audit Division (VCAD), dated March 18, 2021.

[73] Extension of the Deadline for the Filing of Position Papers, Replies, Protests, Documents and Other Similar Letters and Correspondences in Relation to Ongoing BIR Audit Investigations, and Filing of VAT Refund with VAT Credit Audit Division (VCAD), dated April 5, 2021.

<table>
<tr><th>Quarter 2019</th><th>Close of Taxable Quarter</th><th>Last Day to File Administrative Claim for Refund (per original statutory periods)</th><th>Date of Filing of Administrative Claim</th><th>Remarks</th></tr>
<tr><td>Q1</td><td>March 31, 2019</td><td>March 31, 2021</td><td rowspan="4">May 11, 2021</td><td>Timely filed within the extended deadline</td></tr>
<tr><td>Q2</td><td>June 30, 2019</td><td>June 30, 2021</td><td>Timely filed</td></tr>
<tr><td>Q3</td><td>September 30, 2019</td><td>September 30, 2021</td><td>Timely filed</td></tr>
<tr><td>Q4</td><td>December 31, 2019</td><td>December 31, 2021</td><td>Timely filed</td></tr>
</table>

Respondent then had 90 days from May 11, 2021, or until August 9, 2021, within which to decide on the claim. Since petitioner did not receive an actual denial within such period, the refund claim is deemed denied due to inaction regardless of petitioner's subsequent receipt on September 6, 2021.

Note, however, that due to health protocols imposed during the rise of COVID-19 cases, the courts, including the CTA, were declared physically closed from August 9, 2021, until September 7, 2021, which was later extended to September 30, 2021. During such time, the Supreme Court clarified that the time for filing and service of pleadings and motion was suspended and shall resume after seven calendar days counted from the first day of the physical reopening of the court.[74] Based on the foregoing and considering *En Banc Resolution No. 4-2021*, dated February 24, 2021, which allows the filing of pleadings through the office email address of the CTA Judicial Records Division, the judicial claim filed *via* electronic mail on October 6, 2021, was timely.

Petitioner is a VAT-registered entity.

Petitioner submitted its BIR Certificate of Registration ("COR")[75] OCN No. 9RX0001113613 with Tax Identification No. ("TIN") 005-210-007-000 duly stating that it is registered as an entity subject to VAT. Accordingly, petitioner is hereby deemed to be compliant with the *third* requisite.

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[74] See Office of the Court Administrator No. 117-2021, dated August 28, 2021, and OCA No. 119-2021, dated September 7, 2021.

[75] *Supra* note 7.

Petitioner failed to establish that it performed zero-rated sales under Sections 106 (A)(2)(a)(1) of the Tax Code; the Commercial Invoices issued to petitioner's clients remain valid.

The *fourth* requisite mandates that the taxpayer-applicant must be engaged in zero-rated or effectively zero-rated sales. The importance of such requisite is highlighted in the case of *Coca-Cola Bottlers Philippines, Inc. v. Commissioner of Internal Revenue*,[76] to wit:

> A plain and simple reading of the aforequoted provisions reveals that if and when the input tax exceeds the output tax, the excess shall be carried over to the succeeding quarter or quarters. ***It is only when the sales of a VAT-registered person are zero-rated or effectively zero-rated that he may have the option of applying for the issuance of a tax credit certificate or refund of creditable input tax due or paid attributable to such sales.*** Such is the clear import of the Court's ruling in San Roque, to wit:
>
> > *Under Section 110(B), a taxpayer can apply his input VAT only against his output VAT. The only exception is when the taxpayer is expressly "zero-rated or effectively zero-rated" under the law,* like companies generating power through renewable sources of energy. . . .
>
> (Emphasis and italics supplied)

Moreover, as for the *fifth* requirement, the *Tax Code* requires that those zero-rated sales falling under *Sections 106 (A)(2)(a)(1) and (2), and 108 (B)(1) and (2)* thereof must be paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the BSP.

In its VAT returns for Q1 to Q4 of TY2019, petitioner reported total zero-rated sales amounting to Php494,904,189.24 broken down as follows:

Sales	Amount of Sales	
Zero-rated Sales	Php	483,461,352.49
VATable Sales		11,442,836.75
Total Sales	**Php**	**494,904,189.24**

Petitioner claims that its zero-rated sales were covered by *Section 106(A)(2)(a)(1)*,[77] as amended, which provides that:

> SEC. 106. *Value-Added Tax on Sale of Goods or Properties.* —
>
> (A) Rate and Base of Tax. — . . .

[76] G.R. No. 222428, February 19, 2018.
[77] Petition for Review, Docket Vol. 1, p. 22.

. . .

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

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

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

Thus, in order for the exportation of goods to be considered subject to 0% VAT, the following elements must be complied with:

1. The sale was made by a VAT-registered person;
2. There was a sale and actual shipment of goods from the Philippines to a foreign country; and
3. The sale was paid for in acceptable foreign currency accounted for in accordance with the rules and regulations of the BSP.

Anent the *first* element, it has already been established that petitioner is a VAT-registered person based on its BIR Certificate of Registration.[78]

As for the *second* element, *Section 113(A)(1),(B)(1), and (2)(c) of the Tax Code,* as amended, and *Section 4.113.1(A)(1), (B)(1), and (2)(c) of RR No. 16-2005,*[79] respectively, provide as follows:

Section 113(A)(1),(B)(1) and (2)(c) of the Tax Code:

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

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

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

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

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

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[78] *Supra* note 7.
[79] Subject: Consolidated Value-Added Tax Regulations of 2005, 1 September 2005.

(1) A statement that the seller is a VAT-registered person, followed by his Taxpayer's Identification Number (TIN); and

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

. . .

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

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

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

(4) In the case of sales in the amount of One thousand pesos (P1,000) or more where the sale or transfer is made to a VAT-registered person, the name, business style, if any, address and Taxpayer Identification Number (TIN) of the purchaser, customer or client.
(Italics supplied)

Section 4.113.1(A)(1), (B)(1) and (2)(c) of RR No. 16-2005

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

(A) A Vat-registered person shall issue: -

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

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

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

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

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

> *(1) A statement that the seller is a VAT-registered person, followed by his TIN;*
>
> *(2) The total amount which the purchaser pays or is obligated to pay to the seller with the indication that such amount includes the VAT; Provided, That:*
>
> . . .
>
> *(c) If the sale is subject to zero percent (0%) VAT, the term 'zero-rated sale' shall be written or printed prominently on the invoice or receipt;*
>
> . . .
> (Italics supplied)

Based on the foregoing, any VAT registered person claiming VAT zero-rating on its direct export sale of goods must present the following documents:

1. The sales invoice as proof of sale of goods; and
2. The bill of lading or airway bill as proof of actual shipment of good from the Philippines to a foreign country.

In relation to the first item above, we first proceed to the discussion on the main reason for the BIR's denial of the administrative claim for VAT refund.

Under *Sections 237 and 238 of the Tax Code*, sales invoice supporting the export sales must be duly registered with the BIR, thus:

> SEC. 237. *Issuance of Receipts or Sales or Commercial Invoices.* - All persons subject to an internal revenue tax shall, for each sale or transfer of merchandise or for services rendered valued at Twenty-five pesos (P25.00) or more, issue duly registered receipts or sales or commercial invoices, prepared at least in duplicate, showing the date of transaction, quantity, unit cost and description of merchandise or nature of service: Provided, however, That where the receipt is issued to cover payment made as rentals, commissions, compensations, fees, receipts or invoices shall be issued which shall show the name, business style, if any, and address of the purchaser, customer or client: Provided, further, That where the purchaser is a VAT-registered person, in addition to the information herein required, the invoice or receipt shall further show the Taxpayer Identification Number (TIN) of the purchaser. . . .
>
> SEC. 238. *Printing of Receipts or Sales or Commercial Invoices.* - All persons who are engaged in business shall secure from the Bureau of Internal Revenue an *authority to print receipts or sales or commercial invoices before a printer can print the same.*
>
> No authority to print receipts or sales or commercial invoices shall be granted unless the receipts or invoices to be printed are serially numbered and shall show, among other things, *the name, business style, Taxpayer Identification Number (TIN) and business address of the person or entity to*

> *use the same, and such other information that may be required by rules and regulations to be promulgated by the Secretary of Finance, upon recommendation of the Commissioner. . . .*
> (Emphasis supplied.)

It is based on the foregoing provisions that the BIR denied petitioner's administrative claim for refund. To recall, respondent highlights that petitioner's PTUCAS authorizes the use of Charge Invoices, not Commercial Invoices which were issued to petitioner's customers. Respondent invokes *Section V(P) of RMO No. 29-2002* and advances that the change of header from "Charge Invoice" to "Commercial Invoice" constitutes a system enhancement which necessitates a new PTUCAS. Thus, according to respondent, the alleged system enhancement deemed the existing PTUCAS revoked, making the Commercial Invoices invalid and lacking probative value to establish zero-rates sales.

We disagree.

Section II.AA of RMO No. 29-2002 defines "system enhancement" as "any change or modification in the system software or architecture components of a computerized application system *that will add value or further improve the system.*"

In the instant case, there are no changes introduced to petitioner's CAS that may be considered system enhancement as defined by the rules. A side-by-side comparison of the Charge Invoice[80] as submitted for approval by petitioner during CAS application and the Commercial Invoices[81] later on issued to its clients shows that both are the same on all material aspects. Petitioner merely updated the header of the CAS-generated invoice from "Charge Invoice" to "Commercial Invoice" in order to comply with the mandate of the Bureau of Customs to submit "Commercial Invoice" to support its export sales and to reflect the latest invoice authorized by the 2019 Authority to Print (ATP) duly issued by the BIR.[82]

During the presentation of petitioner's witness Dumail on July 21, 2022, clarificatory questions were propounded by Associate Justice Belen M. Ringpis-Liban as follows:

> Justice Liban: I would like to know if aside from the change of the header from "charge" to "commercial," (a)re there any other changes made with regard to the POS?
>
> A: Regarding the change, the only things we changed was the header,

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80 Charge Sales Invoice, Exhibit "P-45", Docket Vol. 10, 5962.
81 Exhibits "P-30-A-1" to "P-30-P-15", USB flash drive attached to the ICPA Report on August 22, 2022.
82 Authority to Print OCN 2AU0001949733, dated April 20, 2018, valid until April 19, 2023.

Justice Liban: So, only the word charge was changed to commercial?

A: Yes, Your Honor.

Justice Liban: Nothing else?

A: Nothing else.[83]

The foregoing statement was further validated and confirmed by respondent's witness, RO Sampaga, during cross examination on September 5, 2023:

> Q: In your judicial affidavit particularly in your Answer in Question 7, you mentioned that based on your examination, petitioner was found to have issued commercial invoices instead of charge invoices, is that correct?
>
> A: Yes, Mam.
>
> Q: So, the basis of the denial of the BIR is only the change of the header from Charge Invoice to Commercial Invoice?
>
> A: Yes.[84]

During the same hearing on September 5, 2023, Associate Justice Liban again propounded clarificatory questions to RO Sampaga to ensure that the changes made were limited to the header name:

> Justice Liban: I have a question.
>
> Q: The change is from commercial instead of Charge Invoices but all other items in the said invoice, they are the same? Because you said, you inspected the invoices?
>
> A: Yes, your Honors.
>
> Justice Liban: So, it's only the phrase "Commercial Invoices" and "Charge Invoices", that's the only change?
>
> A: Yes, your Honors.
>
> Justice Liban: And all other items the same?
>
> A: Yes, your Honors.[85]

Section V(P) of RMO No. 29-2002 emphasized that to be required to obtain a new PTU, there should be a system enhancement that results in change in systems release and/or version number as follows:

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83 Transcript of Stenographic Notes (TSN), Hearing dated July 21, 2022, p.13.
84 TSN, Hearing dated September 5, 2023, p. 5.
85 *Id.* at pp. 7-8.

> P. The taxpayer shall apply for a new permit to use CAS in case of any system enhancement that shall result in change in systems release and/or version number. In case a taxpayer is found using an enhanced system without the approval of the BIR, the permit originally issued shall be deemed automatically revoked from the time the enhanced system is adopted.

The PTUCAS[86] issued to petitioner states the following details on the approved system:

Main Software/Core System:

Software Name:	SAP Business One
Version Number:	Version 9.2 PL07
Release No. and/or Date:	2017

The Court notes that the same version and release number remains to be used by petitioner despite the change in header name, as observed in the screenshot of the running software submitted by petitioner.[87]

It is clear from the foregoing that the change in header name from "Charge Invoice" to "Commercial Invoice" does not constitute a system enhancement that will necessitate a new CAS Permit from the BIR. Thus, the invoices issued by petitioner to its clients remain valid and have probative value for purposes of proving petitioner's zero-rated sales.

Despite this, however, the Court still finds for the insufficiency of the documents submitted by petitioner to prove the proper zero-rating of its sales transactions.

The *third* element of a valid zero-rated export sale, in relation to the *fifth* requirement of to successfully claim input VAT refund, mandates that the alleged zero-rated sales falling under *Section 106 (A)(2)(a)(1)* must be paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the BSP. In relation thereto, petitioner submitted the following:

Exhibit No.	Description	Purpose
P-31	Metrobank Certification of Inward Remittances dated January 13, 2021	To prove: a. That petitioner submitted all documents in compliance with the mandatory requirements
P-32	Security Bank Certification of Inward Remittances dated January 7, 2021	

86 Exhibit "P-10", Docket Vol. 10, p. 5956.
87 Exhibit "P-44", Docket Vol. 5, p.2860.

P-33	PNB Certification of Remittances dated January 13, 2021	enumerated under BIR rules and regulations for claims for VAT refund; b. Petitioner's VAT zero-rated export sales; and c. That the foreign currency exchange has been accounted for in accordance with BSP rules and regulations.

Nevertheless, while petitioner was able to present the above certificates of remittances purportedly showing the foreign currency inward remittances of its clients, the Court cannot ascertain whether the amounts reflected therein correspond to the zero-rated sales subject of the instant claim.

In the certifications above, the respective banks listed the remittances with corresponding remittance dates, name of remitter, amount remitted, amount credited, and remittance reference numbers. However, the amounts listed therein are made in lump sum, based on the date of remittance made by remitter. As these amounts were not itemized, the next logical way available to the Court is to add all the amounts listed under the "Amount Remitted (in Foreign Currency)" column, in the Schedule of Zero-Rated Sale of Goods,[88] on a per date of remittance and per bank basis, then compare the derived sum to the amount per list issued by the banks. Still, the amounts do not match. Thus, in the absence of an itemized list or even an identification of the corresponding remittance numbers in the schedule of zero-rated sales, there is no way for the Court to determine whether the payment for the zero-rated sales of Php494,904,189.24 were indeed "accounted for in accordance with the rules and regulations of the BSP."

In sum, petitioner failed to fulfill the fifth requisite for the successful prosecution of the instant refund claim.

To reiterate, cases filed before this Court, which are *litigated de novo*, party-litigants must prove every minute aspect of their case.[89] Further, it is well-settled that tax refunds are in the nature of a claim for exemption and, therefore, the law is construed in *strictissimi juris* against the taxpayer. Accordingly, the pieces of evidence presented entitling a taxpayer to an

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[88] Exhibit "P-51-C", Docket Vol. 10, pp. 5782-5796.
[89] *Supra* note 62.

exemption must also *strictissimi* scrutinized and must be duly proven.[90] In this case, petitioner was not able to prove with competent evidence its entitlement to a refund or issuance of a tax credit certificate.

In light of the above discussions, it becomes unnecessary to determine whether petitioner fulfilled the remaining requisites for granting a refund of input VAT for TY 2019.

ACCORDINGLY, premises considered, the instant Petition for Review is hereby **DENIED** for lack of merit.

SO ORDERED.

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

I CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

CORAZON G. FERRER-FLORES
Associate Justice

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[90] Atlas Consolidated Mining and Development Corporation v. CIR, G.R. No. 159490, February 18, 2008.

ATTESTATION

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

MA. BELEN M. RINGPIS-LIBAN
Associate Justice
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 Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court.

MA. BELEN M. RINGPIS-LIBAN
Acting Presiding Justice