REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

MATSUSHITA BUSINESS MACHINE CORPORATION OF THE PHILIPPINES,
Petitioner,

- versus -

C.T.A. CASE NO. 5706

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

Promulgated:
MAY 28 2001 [signature]

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DECISION

This is a Petition for Review for the refund of the amount of P7,786,324.85 representing alleged unutilized and/or unapplied input value-added tax (VAT) for the period October 1, 1996 to March 31, 1997.

Petitioner is a corporation duly organized and existing under and by virtue of Philippine laws, with principal office at Bo. Mapandan, Ortigas Avenue Extension, Taytay, Rizal, which is engaged in the business of production and export of plain paper copiers, sub-assemblies, parts and components.

It is registered with the Bureau of Internal Revenue (BIR) as a VAT taxpayer on October 5, 1995 under Certificate of Registration issued by Revenue District Office No. 46 (Central Taytay). It is likewise, registered with the Board of Investments (BOI) under

Certificate of Registration No. EP95-216 issued on October 2, 1995 as a preferred enterprise.

For the period October 1, 1996 to March 31, 1997, Petitioner's export sales amounted to US$11,839,808.68. Proceeds of the export sales were inwardly remitted in US dollars and were duly accounted for in accordance with the rules and regulations of the Central Bank (Annexes C and C-a, pp. 9-10, CTA records).

As a VAT registered entity, Petitioner seasonably filed its monthly and quarterly VAT returns. For the period October 1996 to March 1997, Petitioner incurred input VAT on its purchases of goods and services which were attributable to its export sales for the same period in the total amount of P7,786,324.85 as gleaned from its 3rd and 4th quarterly VAT returns, to wit:

PERIOD INVOLVED	EXHIBIT	ZERO-RATED SALES	DOMESTIC PURCHASES	VAT INPUT TAX
Oct. – Dec. 1996	B	P129,108,365.33	P41,343,213.80	P4,134,321.38
Jan. – Mar. 1997	C	155,670,285.81	36,520,034.70	3,652,003.47
	Total	P284,778,651.14	P77,863,248.50	P 7,786,324.85

A circumspect review of the said quarterly VAT returns reveals that Petitioner adopted a fiscal year accounting period (April to March) which covered three (3) quarters of the preceding year and one (1) quarter of the succeeding year as compared to a calendar year accounting period.

The disparity was explained by Petitioner's witness, Mr. Danilo Asis, Assistant Manager of Matsushita Business Machine Corporation in his testimony before this Court dated June 8, 1999, to wit:

Q. Mr. Witness, I just noted that in the return you have identified as your quarterly VAT return for last quarter for fiscal year 1996, there is a notation in the upper left portion, "FY 1996" and opposite to that is the portion checked quarter, there is a cross for the third quarter. Can you please reconcile your previous statement that it is the quarterly VAT return of the company for calendar year 1996 with the period appearing in the return?

A. The company follows the fiscal year ending March 31 for the fourth quarter of the calendar year 1996 rather than the third quarter of fiscal year 1996. One period covers December 31, 1996 and this is also the fourth quarter of the calendar year 1996.

Q. And this is also true with other quarters?

A. Yes, that is also true with the other quarters, that the company also uses the fiscal year ending March 31 as the period for the succeeding quarters.

(TSN, dated June 8, 1999, page 13)

Since Petitioner was unable to utilize or apply its accumulated input VAT for the period October 1, 1996 to March 31, 1997, an application for tax credit or refund was filed with the BIR on January 19, 1998, in the total amount of P7,786,324.85.

Respondent, however, did not act on the administrative claim, thus, Petitioner filed a Petition for Review with this Court on December 29, 1998 in order to toll the running of the two-year prescriptive period.

Respondent, in his Answer, presented the following Special and Affirmative Defenses, to wit:

"6. In an action for refund, the taxpayer has the burden to show that the taxes paid were erroneously or illegally collected and failure to do so is fatal to the action;

7. Claims for tax refund are strictly construed against the taxpayer. Petitioner has no cause of action."

The issue to be resolved is whether or not Petitioner is entitled to the refund or tax credit of the amount of P7,786,324.85 consisting of input VAT paid on its purchases of goods and services for the period October 1, 1996 to March 31, 1997.

We rule in favor of Petitioner.

Petitioner basically anchored its claim on the following provisions of the National Internal Revenue Code, viz:

SEC. 104. ***Tax Credits.*** - x x x

(b) *Excess output or input tax.* - If at the end of any taxable quarter the output tax exceeds the input tax, the excess shall be paid by the VAT-registered person. If the input tax exceeds the output tax, the excess shall be carried over to the succeeding quarters. Any input tax attributable to the purchase of capital goods or to zero-rated sales by a VAT-registered person may at his option be refunded or credited against other internal revenue taxes, subject to the provisions of Section 106.

x x x x x x x x x

Section 106. ***Refunds or tax credits of creditable input tax.*** –

(a) 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 100(a)(2)(A)(i),(ii) and (b) and Section 102(b)(1) and (2), the acceptable foreign currency exchange proceeds thereof had been duly accounted for in accordance with the regulations of 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.

x x x x x x x x x

Petitioner considered its sales as export sales. Section 100 of the National Internal Revenue Code defined export sales, to wit:

Section 100. ***Value-added tax on sale of goods or properties.*** - (a) *Rate and base of tax.* - x x x

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

(A) Export sales. - The term 'export sales' means:

(i) 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).

x x x x x x x x x

In order that a claim for refund of input VAT be granted, Petitioner must comply with the following requirements as provided in Section 106 of the National Internal Revenue Code, to wit:

1. That it is a VAT-registered person;

2. That its sales are zero-rated;

3. That the administrative claim for refund is seasonably filed;

4. That the input taxes claimed were attributable to zero-rated sales and were not applied against output tax liability; and

5. That foreign currency exchange proceeds had been duly accounted for in accordance with the Regulations of the Bangko Sentral ng Pilipinas.

Petitioner filed its administrative claim for refund with the BIR for the unutilized accumulated input VAT of P7,786,324.85 on January 19, 1998 and the Petition for Review with this Court on December 29, 1998, both dates are within the two-year prescriptive period and thus, seasonably filed.

Under Section 100(a)(2)(A)(i) of the NIRC, the export sales of a VAT-registered person which are paid for in acceptable foreign currency inwardly remitted to the Philippines and accounted for in accordance with existing rules and regulations of BSP is not subject to the 10% VAT. In other words, evidence as to its registration as VAT entity and the actual export such as sales invoices, bank credit memoranda, export declarations and export permit are necessary to be considered zero-rated **(NEC Components Philippines, Inc. vs. CIR, CTA Case No. 5653, promulgated April 13, 2000).**

Records of the case disclosed that Petitioner is a VAT-registered person (Annex "A", p. 7, CTA Records). For the period October 1996 to March 1997, it generated zero-rated sales of P284,778,651.14 as can be gleaned from its 3rd and 4th quarter VAT returns which were filed on January 20, 1997 and April 21, 1997, respectively.

The report of Petitioner's independent CPA dated July 31, 2000 stated that only the amount of P282,085,927.69 was verified to be duly supported by Export Sales Invoices, Airway Bills/Bills of Lading, Export Declarations, Bank Credit Advices and portions of Bank's Passbook (Exhibits N, G-2 to G-150, G-152 to G-278 and G-280 to G-404).

Being zero-rated sales, the export sales made by Petitioner for the period October 1996 to March 1997 were not liable for any output tax. Therefore, the input taxes in the amount of P4,134,321.38 for the period October to December 1996 and P3,652,003.47 for the period January to March 1997 or a total of P7,786,324.85 remained unutilized.

A perusal of the quarterly VAT returns show that Petitioner carried forward the excess input taxes subject of the instant case to the succeeding 1st to the 3rd quarters of fiscal year 1997, however, on the 4th quarter of the same fiscal year, it deducted the amount of P7,786,936.58 from the total input taxes of P15,105,439.03 which was carried over from the previous quarters (see Exhibit "D-3").

In fine, Petitioner has substantially complied with the requirements set forth for the grant of refund of input VAT, thus, it was able to show that:

1. it is a VAT-registered person;
2. its sales are zero-rated;
3. the administrative claim for refund was seasonably filed;
4. the input taxes claimed were attributable to zero-rated sales and were not applied against output tax liability; and
5. foreign currency proceeds had been duly accounted for in accordance with the regulations of the Bangko Sentral ng Pilipinas.

The Court hereby grants the relief sought by Petitioner but in a reduced amount due to the disallowance made by the independent CPA in his initial report dated May 17, 1999 in the amount of P246,030.28 as input taxes since these were not properly substantiated.

Moreover, further examination made by this Court of the photocopied documents submitted by Petitioner found the following additional disallowances:

SUPPLIER	DATE	EXHIBIT	REFERENCE NO.		GROSS AMOUNT		INPUT VAT
(a) Input taxes without supporting documents							
BEVAN SUPPLIES				P	96.90	P	8.81
EXPRESSLANE BROKERAGE					3,688.30		335.30
MEPCO					321,574.10		29,234.01
SUPERSTAR INDUSTRIES					4,234.99		385.00
		Subtotal		P	**329,594.29**	P	**29,963.12**
(b) No TIN							
MANUEL METAL IND.	10/05/96	H-143	83	P	13,041.00	P	1,185.55
MANUEL METAL INDUSTRIES	11/22/96	H-583	86		27,000.00		2,454.55
R. TIPONES	10/02/96	H-188	5693		2,363.72		214.88
R. TIPONES	12/17/96	H-260	5701		4,974.25		452.20
R. TIPONES	12/17/96	H-260	5702		209.18		19.02
R. TIPONES	12/17/96	H-260	5703		9,749.53		886.32
R. TIPONES SERVICES	01/30/97	J-255	5782		10,543.83		958.52
R. TIPONES SERVICES	02/21/97	J-530	5741		5,088.49		462.59
R. TIPONES SERVICES	02/21/97	J-530	5743		5,815.42		528.67
R. TIPONES SERVICES	02/21/97	J-530	5790		3,746.47		340.59
R. TIPONES SERVICES	02/21/97	J-530	5791		3,054.73		277.71
R. TIPONES SERVICES	04/01/97	J-549	5810		5,368.08		488.01
R.B. AGUILA ENTERPRISES	01/14/96	H-595	3393		750.00		68.18
R.B. AGUILA ENTERPRISES	12/10/96	H-827	2026		2,100.00		190.91
RB AGUILA ENTERPRISE	12/12/96	H-828	2029		1,050.00		95.45
		Subtotal		P	**94,854.70**	P	**8,623.15**
(c) Non-VAT Invoice							
SOLAPCO FOTO QUICK	11/27/96	H-793	17248	P	**95.00**	P	**8.64**
(d) Official receipts/invoices not in the name of MATSUSHITA BUSINESS MACHINE CORP. OF THE PHILS.							
ENCARGO	08/24/96	H-227	166549	P	475.86	P	43.26
ENCARGO	08/27/96	H-228	166782		301.13		27.38
ENCARGO	09/16/96	H-229	168052		286.88		26.08

D'BEST PHOTOSUPPLY	01/17/97	J-149	18863		246.00		22.36
DIAMOND MOTOR CORP.	08/24/96	J-396	1634		1,340.00		121.82
D-REY PRINTING CORP.	10/09/96	H-105	300		2,000.00		181.82
FITWALK	01/13/97	J-121	8824		109.75		10.00
FITWALK	02/01/97	J-433	34100		120.00		10.91
FOOTSTEP	01/22/97	J-146	3047		125.00		11.36
FOTOWORLD SALES	02/19/97	J-447	16023		67.25		6.11
HK SHOE CITY	02/21/97	J-450	103688		125.00		11.36
PARVIL SHELL	10/26/96	H-166	12666		100.00		9.09
PRO-PHILS COM'L	09/20/96	H-124	1888		2,160.00		196.36
PRO-PHILS COM'L	09/25/96	H-125	1889		4,832.00		439.27
PRO-PHILS COM'L	09/23/96	H-126	1895		4,830.00		439.09
PRO-PHILS COM'L	09/27/96	H-127	1916		2,923.00		265.73
PRO-PHILS COM'L	09/30/96	H-128	1920		1,530.00		139.09
RAPID AIRFREIGHT	12/27/96	J-244	93674		1,082.40		98.40
RB AGUILA ENTERPRISE	11/07/96	H-171	2185		6,780.00		616.36
RYOKA JAPANESE REST.	03/12/97	J-760	10730		2,340.03		212.73
SENTINEL HARDWARE	10/30/96	H-166	44052		26.20		2.38
SHOEMART	02/02/97	J-435	857269		130.00		11.82
SORIAMONT STEAMSHIP	12/19/96	J-297	39954		2,376.88		216.08
SPENCER RTW	01/09/97	J-120	7133		214.95		19.54
SPENCER RTW	01/09/97	J-120	7132		214.95		19.54
ST. JAMES BOOKSTORE	01/17/97	J-148	10312		52.00		4.73
TROPICAL HUT	01/26/97	J-144	20042		318.50		28.95
YERCO PACKAGING IND.	02/19/97	J-422	7930		28,798.32		2,618.03
ZENCO FOOTSTEP	03/10/97	J-648	3553		118.00		10.73
		Subtotal		**P**	**64,024.10**	**P**	**5,820.38**

(e) Not within the period of claim

ACCUPRO	09/26/96	H-116	31	41,800.00	3,800.00
ACCUPRO	09/27/96	H-117	33	18,900.00	1,718.18
AESE SYSTEM INT'L	09/27/96	H-120	54	6,800.00	618.18
ASIAN TERMINAL	09/06/97	H-232	476738	1,067.00	97.00
ASIAN TERMINAL	08/31/96	H-233	500348	3,517.80	319.80
ASIAN TERMINAL	08/28/96	H-234	510584	1,067.00	97.00
ASPAC INT'L AIRFREIGHT	09/24/96	H-302	78019	1,012.00	92.00
CARBAT BATTERY & PARTS	09/14/96	H-927	7553	1,811.00	164.64
CARBAT BATTERY & PARTS	09/16/96	H-928	7555	1,841.00	167.36
CARBAT BATTERY & PARTS	09/16/96	H-929	7558	1,796.01	163.27
D & L INDUSTRIES	09/27/96	H-387	2254	100,562.00	9,142.00
D & L INDUSTRIES	09/28/96	H-388	2255	66,077.00	6,007.00
DESIGN CREST	08/22/96	H-625	12941	22,000.00	2,000.00
E-WHA FOAM PHILS	09/02/96	H-4	16960	3,850.00	3,850.00
E-WHA FOAM PHILS	09/04/96	H-5	16987	3,500.00	318.18
EXPRESSLANE BROKERAGE	09/25/96	H-265	1404	810.81	73.71
FILES SYSTEM	09/11/96	H-612	66809	3,250.00	295.45
FOTOWORLD SALES	09/16/96	H-95	14221	340.00	30.91
FOTOWORLD SALES	09/17/96	H-96	14529	1,922.00	174.73
FOTOWORLD SALES	09/23/96	H-108	14303	10.00	0.90

GEMINI INTEGRATED	09/12/96	H-267	61395	2,869.24	260.84
GEMINI INTEGRATED	09/12/96	H-269	61397	2,759.68	250.88
GEMINI INTEGRATED	09/18/96	H-271	61421	1,949.09	177.19
GEMINI INTEGRATED	09/19/96	H-272	61443	1,336.28	121.48
GEMINI INTEGRATED	09/20/96	H-274	61447	1,624.26	147.66
INTERLINK TRAVEL	09/25/96	H-306	65597	36,138.00	3,285.27
INTERLINK TRAVEL	09/26/96	H-307	65608	7,062.00	642.00
INTERLINK TRAVEL	09/30/96	H-308	65665	500.00	45.45
J. AGUILOS ADVERTISING	09/05/96	H-563	30004	26,500.00	2,409.09
JANUS ENGINEERING	09/13/96	H-580	10075	2,743.00	249.36
JANUS ENGINEERING	09/14/96	H-581	10076	589.50	53.59
JARDINE DAVIES	09/30/96	H-318	43	1,031.39	93.76
LC LEGASPI INC	09/20/96	H-278	19484	344.03	31.28
LC LEGASPI INC	09/23/96	H-279	19491	3,550.36	322.76
LC LEGASPI INC	09/19/96	H-281	19494	3,286.86	298.81
LC LEGASPI INC	09/23/96	H-282	19498	1,949.09	177.19
LC LEGASPI INC	09/19/96	H-283	19499	3,585.23	325.93
LC LEGASPI INC	09/23/96	H-285	19501	1,624.15	147.65
LC LEGASPI INC	09/30/96	H-286	19527	1,949.09	177.19
LONDON SHELL SERVICE	09/16/96	H-817	14010	1,320.00	120.00
MALAYA SHIPPING SERVICES	06/30/96	H-196	46585	3,960.00	360.00
MALAYA SHIPPING SERVICES	07/23/96	H-197	46924	2,750.00	250.00
MALAYA SHIPPING SERVICES	07/27/96	H-198	46983	2,750.00	250.00
MALAYA SHIPPING SERVICES	07/27/96	H-199	46985	3,080.00	280.00
MALAYA SHIPPING SERVICES	07/31/96	H-200	47109	2,750.00	250.00
MALAYA SHIPPING SERVICES	07/31/96	H-201	47189	3,080.00	280.00
MALAYA SHIPPING SERVICES	07/31/96	H-202	47191	3,080.00	280.00
MALAYA SHIPPING SERVICES	07/31/96	H-203	47304	2,750.00	250.00
MALAYA SHIPPING SERVICES	08/16/96	H-204	47489	3,080.00	280.00
MALAYA SHIPPING SERVICES	08/19/96	H-205	47516	3,080.00	280.00
MALAYA SHIPPING SERVICES	08/19/96	H-206	47517	2,750.00	250.00
MALAYA SHIPPING SERVICES	08/22/96	H-207	47643	3,080.00	280.00
MALAYA SHIPPING SERVICES	08/24/96	H-208	47667	6,160.00	560.00
MALAYA SHIPPING SERVICES	08/30/96	H-209	47778	3,080.00	280.00
MALAYA SHIPPING SERVICES	08/31/96	H-210	47779	3,080.00	280.00
MALAYA SHIPPING SERVICES	08/31/96	H-211	47816	2,750.00	250.00
MALAYA SHIPPING SERVICES	08/31/96	H-212	47821	2,750.00	250.00
MALAYA SHIPPING SERVICES	08/31/96	H-213	47822	3,080.00	280.00
MALAYA SHIPPING SERVICES	08/31/96	H-214	47834	2,750.00	250.00
MALAYA SHIPPING SERVICES	08/31/96	H-215	47841	4,070.00	370.00
MALAYA SHIPPING SERVICES	08/31/96	H-216	47844	3,080.00	280.00
MALAYA SHIPPING SERVICES	08/31/96	H-217	48052	3,100.00	281.82
MALAYA SHIPPING SERVICES	08/31/96	H-218	48054	1,400.00	127.27
MALAYA SHIPPING SERVICES	08/31/96	H-219	48073	2,800.00	254.55
MALAYA SHIPPING SERVICES	08/31/96	H-220	48083	2,800.00	254.55
MALAYA SHIPPING SERVICES	08/31/96	H-221	48084	330.00	30.00
MALAYA SHIPPING SERVICES	09/18/96	H-222	48174	3,100.00	281.82
MALAYA SHIPPING SERVICES	09/18/96	H-223	48175	3,100.00	281.82
MALAYA SHIPPING SERVICES	09/20/96	H-224	48287	2,800.00	254.55
MALAYA SHIPPING SERVICES	09/20/96	H-225	48294	6,200.00	563.64
MALAYA SHIPPING SERVICES	09/30/96	J-511	48616	990.00	90.00
MANILA EMBROIDERY	09/20/96	H-152	9701	13,740.10	1,249.10

MEPCO	09/30/96	H-303	196	382,800.00	34,800.00
NATIONAL BOOKSTORE	09/12/96	H-104	799	177.00	16.09
NATIONAL BOOKSTORE	09/16/96	H-104	957	125.00	11.36
NATIONAL BOOKSTORE	09/06/96	H-104	299169	183.00	16.64
NATIONAL BOOKSTORE	09/06/96	H-104	299170	133.50	12.14
NYK FIL-JAPAN	08/14/96	H-248	43050	6,194.60	563.14
NYK FIL-JAPAN	09/24/96	H-249	43263	4,087.35	371.58
NYK FIL-JAPAN	09/23/96	H-358		14,157.60	1,287.05
PLASTIMER	08/24/96	H-38	219358	10,167.30	924.30
PLASTIMER	08/24/96	H-39	219359	792.00	72.00
PLASTIMER	08/24/96	H-40	219360	4,334.22	394.02
PLASTIMER	08/24/96	H-41	219362	1,589.94	144.54
PLASTIMER	08/24/96	H-42	219363	1,633.50	148.50
PLASTIMER	08/24/96	H-43	219364	9,900.00	900.00
PLASTIMER	08/24/96	H-44	219368	7,976.10	725.10
PLASTIMER	08/24/96	H-45	219370	6,310.26	573.66
PLASTIMER	08/24/96	H-46	219371	5,947.26	540.66
PLASTIMER	08/24/96	H-47	219372	2,237.40	203.40
PLASTIMER	08/24/96	H-48	219377	18,018.00	1,638.00
PLASTIMER	08/24/96	H-49	219379	3,418.00	310.80
PLASTIMER	08/24/96	H-50	219385	3,118.50	283.50
PLASTIMER	08/24/96	H-51	219386	4,504.50	409.50
PLASTIMER	08/31/96	H-52	219561	7,623.00	693.00
PLASTIMER	08/24/96	H-53	219678	20,790.00	1,890.00
PLASTIMER	09/07/96	H-54	219776	19,514.88	1,774.08
PLASTIMER	09/07/96	H-55	219777	23,555.84	2,141.44
PLASTIMER	09/07/96	H-56	219779	21,436.80	1,948.80
PLASTIMER	09/07/96	H-57	219780	13,896.96	1,263.36
PLASTIMER	09/09/96	H-58	219817	14,553.00	1,323.00
PLASTIMER	09/10/96	H-59	219820	5,020.29	456.39
PLASTIMER	09/09/96	H-60	219821	5,197.50	472.50
PLASTIMER	09/09/96	H-61	219822	22,471.68	2,042.88
PLASTIMER	08/24/96	H-431	219365	2,482.92	225.72
PLASTIMER	08/24/96	H-432	219373	7,336.67	666.97
PLASTIMER	08/24/96	H-433	219374	11,869.99	1,079.09
PLASTIMER	08/24/96	H-434	219375	12,104.07	1,100.37
PLASTIMER	08/24/96	H-435	219376	8,488.26	771.66
PLASTIMER	08/24/96	H-436	219380	1,386.00	126.00
PLASTIMER	08/24/96	H-437	219381	1,386.00	126.00
PLASTIMER	08/24/96	H-438	219382	295.68	26.88
PLASTIMER	08/24/96	H-439	219384	4,851.00	441.00
PLASTIMER	08/27/96	H-440	219432	14,015.76	1,274.16
PLASTIMER	08/31/96	H-441	219562	2,425.50	220.50
PLASTIMER	08/31/96	H-442	219582	5,742.00	522.00
PLASTIMER	08/31/96	H-443	219583	15,613.29	1,419.39
PLASTIMER	09/05/96	H-444	219723	3,449.93	313.63
PLASTIMER	09/06/96	H-445	219741	1,940.40	176.40
PLASTIMER	09/06/96	H-446	219743	9,702.00	882.00
PLASTIMER	09/09/96	H-447	219823	11,227.50	1,075.20
PLASTIMER	09/09/96	H-448	219824	6,800.64	618.24
PLASTIMER	09/09/96	H-449	219825	15,818.88	1,438.08
PLASTIMER	09/09/96	H-450	219834	6,930.00	630.00

PLASTIMER	09/10/96	H-451	219851	6,930.00	630.00
PLASTIMER	09/10/96	H-452	219852	11,227.59	1,020.69
PLASTIMER	09/11/96	H-453	219874	3,603.60	327.60
PLASTIMER	09/13/96	H-454	219957	6,606.60	600.60
PLASTIMER	09/14/96	H-455	219995	9,644.25	876.75
PLASTIMER	09/14/96	H-456	220009	9,147.60	831.60
PLASTIMER	09/14/96	H-456	220010	508.20	46.20
PLASTIMER	09/14/96	H-457	220012	6,930.00	630.00
PLASTIMER	09/16/96	H-458	220028	5,561.60	505.60
PLASTIMER	09/19/96	H-459	220126	5,590.20	508.20
PLASTIMER	09/19/96	H-460	220127	2,494.80	226.80
PLASTIMER	09/21/96	H-561	220182	4,518.80	410.80
PLASTIMER	09/21/96	H-462	220183	1,738.00	158.00
PLASTIMER	09/21/96	H-463	220184	1,894.20	172.20
PLASTIMER	09/25/96	H-464	220307	1,940.40	176.40
PLASTIMER	09/26/96	H-465	220314	3,102.00	282.00
PLASTIMER	09/26/96	H-466	220315	6,677.55	607.05
PLASTIMER	09/26/96	H-467	220316	7,573.50	688.50
PLASTIMER	09/26/96	H-468	220334	1,551.00	141.00
PLASTIMER	09/27/96	H-469	220363	8,886.24	807.84
PLASTIMER	09/27/96	H470	220364	2,090.88	190.08
PLASTIMER	09/28/96	H-471	220372	16,558.08	1,505.28
PLASTIMER	09/28/96	H-472	220373	14,291.20	1,299.20
PLASTIMER	09/28/96	H-473	220374	3,942.40	358.40
PLASTIMER	09/28/96	H-474	220375	2,772.00	252.00
PLASTIMER	09/28/96	H-475	220376	9,424.80	856.80
POLAVON TRANSPORT	09/30/96	H-123	1361	117,022.40	10,638.46
RAPID AIRFREIGHT	08/12/96	H-236	86723	1,978.36	179.85
RAPID AIRFREIGHT	08/12/96	H-237	86731	144,171.39	13,106.49
RAPID AIRFREIGHT	08/19/96	H-238	86927	2,995.73	272.34
RAPID AIRFREIGHT	08/19/96	H-239	86928	5,526.12	502.37
RAPID AIRFREIGHT	08/19/96	H-240	86937	30,809.74	2,800.89
RAPID AIRFREIGHT	08/19/96	H-241	86945	9,538.70	867.15
RAPID AIRFREIGHT	08/19/96	H-242	86959	948.60	86.24
RAPID AIRFREIGHT	08/19/96	H-243	86965	1,357.03	123.37
RAPID AIRFREIGHT	08/26/96	H-244	87551	6,139.55	558.14
RAPID AIRFREIGHT	08/26/96	H-245	87569	5,095.04	463.19
RAPID AIRFREIGHT	09/03/96	H-246	87887	366,647.08	33,331.55
RAPID AIRFREIGHT	09/26/96	H-299	89020	10,451.73	950.15
RAPID AIRFREIGHT	09/26/96	H-298	88480	1,370.20	124.56
RAPID AIRFREIGHT	09/27/96	H-300	89438	9,874.98	897.82
RAPID AIRFREIGHT	08/23/96	H-320	87694	1,252.00	113.82
RAPID AIRFREIGHT	08/24/96	H-322	87700	3,183.00	289.86
R. BAUTISTA MACHINE	09/26/96	H-134	873	960.00	87.27
STEELITE CONSTRUCTION	08/20/96	H-564	318	60,000.00	5,454.55
SUPERSTAR INDUSTRIES	04/03/97	J-608	2244	19,558.00	1,778.00
SUPERSTAR INDUSTRIES	07/30/96	H-135	1867	410.00	37.27
SUPERSTAR INDUSTRIES	08/10/96	H-136	1902	1,250.00	113.64
SUPERSTAR INDUSTRIES	08/15/96	H-137	1909	2,500.00	227.27
THE PHIL. STAR	09/13/96	H-112		12,540.00	1,140.00
UNIBOX	04/16/96	H-22	93103	21,400.00	1,945.45
UNIBOX	04/15/96	H-23	93104	10,700.00	972.73

UNIBOX	04/27/96	H-24	93340		31,886.00		2,898.73
UNIBOX	05/08/96	H-25	93748		7,500.00		681.82
UNIBOX	04/16/96	H-148	93860		32,500.00		2,954.55
YERCO PACKAGING IND.	06/10/96	H-144	7452		22,191.01		2,017.36
YERCO PACKAGING IND.	07/17/96	H-145	7453		27,059.23		2,459.94
YERCO PACKAGING IND.	08/28/96	H-146	7454		23,533.34		2,139.39
YERCO PACKAGING IND.	08/29/96	H-597	7535		3,855.00		350.45
		Subtotal		P	**2,429,136.16**	P	**224,385.79**

(f) Supported only by statement of account

ENCARGO	11/29/96	J-196			16,566.00		1,656.60
EXPRESSLANE BROKERAGE	01/09/97	J-253	1758		2,107.27		191.57
		Subtotal		P	**18,673.27**	P	**1,848.17**

(g) Official receipts/invoices with erasure of payee's name

JOSEPHINE RESTAURANT	10/25/96	H-155	118555	P	2,007.50	P	182.50
TROPICAL HUT	09/17/96	H-110	18532		788.30		71.66
UNIBOX	10/10/96	H-34	102762		32,633.70		2,966.70
RAPID AIRFREIGHT	11/25/96	J-239	92064		813.00		73.91
		Subtotal		P	**36,242.50**	P	**3,294.77**
		Total		P	**2,972,620.02**	P	**273,944.02**

Accordingly, the total allowable input taxes to be refunded should only be P7,266,350.55, computed as follows:

Amount Claimed		P 7,786,324.85
Less: Disallowances		
(a) Per independent CPA's verification (Exh. M)	P246,030.28	
(b) Per Court's verification	273,944.02	519,974.30
Amount Refundable		**P 7,266,350.55**

WHEREFORE, in view of all the foregoing, Respondent is hereby **ORDERED** to **REFUND** in favor of Petitioner the amount of P7,266,350.55 representing the latter's excess/unutilized VAT input taxes for the period October 1, 1996 to March 31, 1997.

SO ORDERED.

AMANCIO Q. SAGA
Associate Judge

I CONCUR:

ERNESTO D. ACOSTA
Presiding Judge

CERTIFICATION

I hereby certify that the above decision was reached after due consultation with the members of the Court of Tax Appeals in accordance with Section 13, Article VIII of the Constitution.

ERNESTO D. ACOSTA
Presiding Judge