REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION
****

SMARTMATIC – TIM CORPORATION, Petitioner,	**CTA Case No. 8643**
	Members:
- versus -	**DEL ROSARIO,** P.J., **UY,** and **MINDARO-GRULLA,** JJ.
	Promulgated:
COMMISSIONER OF INTERNAL REVENUE, Respondent.	JAN 04 2016 ; 2:54 p.m.

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DECISION

UY, J.:

Before Us is a Petition for Review filed by Smartmatic-TIM Corporation, petitioner, on April 18, 2013 against the Commissioner of Internal Revenue, respondent, praying that the latter refund or issue a tax credit certificate (TCC) in its favor in the aggregate amount of ₱193,488,562.15, allegedly representing its creditable input value-added tax (VAT) paid and attributable to its effectively zero-rated sales for the third (3rd) and fourth (4th) quarters of fiscal year (FY) ending June 2010.

THE PARTIES

Petitioner Smartmatic-TIM Corporation is a corporation duly organized under Philippine law, with principal office at Ground Floor, King's Court Building 2, 2129 Dela Rosa St., Don Chino Roces Avenue, Makati City.[1] It is registered with the Bureau of Internal

[1] Par. 1, Stipulation of Facts, Joint Stipulation of Facts and Issues (JSFI), Docket, p. 366.

Revenue (BIR) for VAT purposes, as evidenced by its Certificate of Registration No. OCN 9RC0000259354.[2]

On the other hand, respondent Commissioner is the head of the BIR, holding office at the BIR National Office, Diliman, Quezon City, and is represented by the Legal Division of the BIR Revenue Region No. 8.[3]

THE FACTS

On July 10, 2009, petitioner and the Commission on Elections (COMELEC) entered into a "CONTRACT FOR THE PROVISION OF AN AUTOMATED ELECTION SYSTEM FOR THE MAY 10, 2010 SYNCHRONIZED NATIONAL AND LOCAL ELECTIONS" ("AES Contract" for brevity).[4]

Subsequently, petitioner filed claims with the BIR for tax refund or issuance of TCC, representing the input VAT for the 3rd and 4th quarters of FY 2010, on April 24, 2012 and June 11, 2012, respectively.[5]

On June 15, 2012, petitioner received letters dated June 14, 2012 from the BIR,[6] requesting submission of certain documents in connection with the claim for refund of excess input VAT for the 3rd and 4th quarters of FY 2010.[7] Thus, petitioner sent letters (both dated November 19, 2012) to the BIR on November 19, 2012, submitting certain documents.[8]

On April 18, 2013, petitioner filed the instant Petition for Review before this Court.[9]

Respondent filed her Answer on July 23, 2013,[10] interposing the following Special and Affirmative Defenses, to wit:

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[2] Par. 3, Stipulation of Facts, JSFI, Docket, p. 367.
[3] Par. 2, Stipulation of Facts, JSFI, Docket, p. 366.
[4] Exhibit "P-9", Docket, pp. 564 to 588.
[5] Pars. 4 and 5, Stipulation of Facts, JSFI, Docket, p. 367.
[6] Exhibits "P-6" and "P-7", Docket, pp. 552 to 553, and 554 to 555, respectively.
[7] Pars. 6 and 7, Stipulation of Facts, JSFI, Docket, p. 367.
[8] Exhibits "P-8" and "P-8-1", Docket, pp. 556 and 557, respectively.
[9] Docket, pp. 6 to 27.
[10] Docket, pp. 70 to 73.

"8. Respondent reproduces and repleads all the foregoing allegations insofar as they are relevant to her defenses which are discussed hereunder and incorporates them herein by way of reference and, in addition thereto, most respectfully avers THAT:

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

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

11. Petitioner's claim for refund or issuance of tax credit certificate in the amount of Php193,488,562.15, allegedly representing input VAT for the purchase of goods and services for the 3rd and 4th quarters of fiscal year, were not fully substantiated by proper documents, such as sales invoices, official receipts and others pursuant to Revenue Regulation No. 7-95 in relation to Section 113 and 237 of the 1997 Tax Code.

12. In an action for refund/credit, the burden of proof is on the petitioner to establish its right to claimed refund and failure to adduce sufficient proof is fatal to the claim for tax refund/credit.

13. Petitioner's sales of goods and services to its client do not qualify as zero-rate VAT.

14. Petitioner failed to comply with the conditions/requirements under Section 112(A)(B)(C) of the 1997 Tax code.

15. 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.

16. Claims for refund are construed strictly against herein petitioner since the same partakes 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 1211).***"

Petitioner posted its Reply on August 5, 2013,[11] arguing as follows:

1. respondent cannot feign ignorance over the allegations in the Petition as these refer to facts borne by the records of the BIR;

2. respondent's failure to resolve the administrative claim does not, in any way, prejudice the right of petitioner to timely file a claim for VAT refund or credit with this Court. Indeed, the law allows petitioner to file a petition for review before this Court subsequent to BIR's inaction on the administrative claim;

3. petitioner was able to fully substantiate its administrative claim;

4. petitioner's services to COMELEC under Republic Act (RA) No. 9369 are subject to VAT at zero percent (0%); and

5. petitioner complied with all the legal and administrative requirements to claim for VAT refund or issuance of TCC.

During the Pre-Trial Conference held on November 22, 2013, both parties agreed that they shall submit their Joint Stipulation of Facts and Issues, which shall be prepared by petitioner's counsel and shall be submitted before this Court on or before December 12, 2013.[12]

The parties filed their Joint Stipulation of Facts and Issues (JSFI) on December 12, 2013.[13] Additionally, as directed by the Court in the Resolution dated January, 7, 2014[14], the parties filed their Supplemental JSFI on January 22, 2014[15] stating the list of documents to be presented, the names of their witnesses, and the trial dates agreed upon by the parties.

Correspondingly, the JSFI and the Supplemental JSFI were approved in the Resolution dated February 10, 2014. Thereafter, the Court issued its Pre-Trial Order on February 12, 2014,[16] thereby terminating the Pre-Trial Conference.

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[11] Docket, pp. 76 to 88.
[12] Minutes of the Hearing held on November 22, 2013, Docket, pp. 333 to 336.
[13] Docket, pp. 366 to 368.
[14] Docket, pp. 384 to 385.
[15] Docket, pp. 392 to 395.
[16] Docket, pp. 403 to 409.

During trial, petitioner presented as its witnesses, its Senior Accountant, Christopher Garcia, and the Court commissioned Independent Certified Public Accountant (ICPA), Antonio O. Maceda, Jr.

After the presentation of petitioner's last witness, petitioner was given a period of thirty (30) days from March 20, 2014 within which to file its Formal Offer of Evidence.[17] Petitioner filed its Formal Offer of Documentary Evidence on April 21, 2014.[18] Respondent filed her Comment to Petitioner's Formal Offer of Evidence With Manifestation on May 8, 2014, expressing its objection to the admission of petitioner's Exhibits "P-15" and "P-17", and manifesting that she will no longer present any evidence considering that the Revenue Officers who handled the investigation of petitioner's application for refund have yet to issue a final report; and instead, requested a thirty (30)-day period within which to submit her Memorandum.[19]

In the Resolution dated June 19, 2014,[20] the Court admitted petitioner's Exhibits "P-1", "P-2", "P-3", "P-4", "P-5", "P-6", "P-7", "P-8", "P-8-1", "P-9", "P-12", "P-13", "P-14", "P-15", "P-15-1", "P-16", "P-17", "P-17-1", "J-1" to "J-91", "K-1" to "K-154", "L-1" to "L-137", "M-1" to "M-133", "N-1" to "N-130", "O-1" to "O-79", "Q-1" to "Q-13", "R-1" to "R-9", and "S-1" to "S-8"; and denied the admission of petitioner's Exhibits "J", "K", "L", "M", "N", "O", "J-92" to "J-93", "K-155" to "K-161", "L-138" to "L-144", "M-134", "N-131" to "N-138", "O-80" to "O-95", "Q", and "R", for not being found in the records. In the same Resolution, the Court took note of respondent's manifestation that she will no longer present any evidence.

However, the said denied exhibits were later admitted by the Court in the Resolution dated September 29, 2014[21] pursuant to petitioner's "**Omnibus Motion (1. For Partial Reconsideration of the Resolution dated 19 June 2014; and 2. To Defer Submission of Memorandum)** filed on July 10, 2014.[22] In the same Resolution, the Court granted the parties a period of thirty (30) days within which to submit their respective Memorandum.

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[17] Resolution dated March 20, 2014, Docket, p. 468.
[18] Docket, pp. 469 to 480.
[19] Docket, pp. 673 to 674.
[20] Docket, pp. 677 to 678.
[21] Docket, pp. 700 to 701.
[22] Docket, pp. 682 to 687.

Petitioner's Memorandum was filed on November 10, 2014;[23] while respondent's Memorandum was filed on January 10, 2015.[24] In view of the submission of the parties' memoranda, the instant case was submitted for decision on January 23, 2015.[25]

Hence, this Decision.

THE ISSUES

The issues submitted by the parties for this Court's resolution are the following:

> "1. Whether or not Petitioner Smartmatic-TIM is entitled to its claim for refund or issuance of tax credit certificate in the amount of Php193,488,562.15, representing excess input VAT for the purchase of goods and services for the 3rd and 4th quarters of FY 2010.
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> > 1.a. Whether the services rendered by Smartmatic-TIM to COMELEC under the 'Provision of an Automated Election System' dated 10 July 2009 or AES Contract are subject to VAT at zero percent (0%)."[26]

Petitioner's arguments:

Petitioner argues that its services to the COMELEC under RA No. 9369 are subject to VAT at zero percent (0%).

Moreover, petitioner avers that it is entitled to a VAT refund or TCC for its excess and/or unutilized input VAT, in view of the following circumstances, to wit:

1. the services rendered by petitioner to the COMELEC for the 3rd and 4th quarters of FY 2010 are effectively zero-rated;
2. petitioner is a VAT-registered taxpayer;
3. the administrative claim for refund filed with the BIR was filed within the two-year prescriptive period;
4. the judicial claim was filed within 30 days after the expiration of

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[23] Docket, pp. 702 to 722.
[24] Docket, pp. 731 to 734.
[25] Docket, p. 737.
[26] Pre-Trial Order, Issues, Docket, p. 405

the 120-day period within which the Commissioner may act on the claim;

5. the input taxes, which were due and accordingly paid, are neither transitional input taxes nor were applied against output taxes during and in the succeeding quarters; and
6. all the creditable input taxes due and paid by petitioner are directly attributable to the fulfillment of its obligations under the AES Contract with the COMELEC which are effectively zero-rated transactions.

Respondent's counter-arguments:

Respondent contends that there is no provision of law which says that petitioner is exempted from the payment of tax or that it is entitled to refund for payments made on the contract it entered with COMELEC.

Respondent contends that no BIR ruling has been secured by petitioner confirming that the sale of services to COMELEC is subject to VAT at zero percent (0%) or that the input tax accumulated by petitioner attributable to zero-rated sale of services to the COMELEC shall be available as tax credit or refund. According to respondent, absent any BIR ruling or Tax Exemption for this particular case, petitioner was assessed a 12% output tax on the entire Gross Receipts per VAT Returns for the subject sale of services.

Lastly, respondent stresses that in an action for tax credit or refund, the burden is upon the taxpayer to prove that he is entitled thereto, and failure to discharge the said burden is fatal to the claim. In this case, according to respondent, petitioner has clearly failed to discharge that burden.

THE COURT'S RULING

The instant Petition for Review lacks merit.

Legal requisites for claiming refund or issuance of a Tax Credit Certificate.

Section 112 of the National Internal Revenue Code (NIRC) of

1997, as amended by RA No. 9337,[27] provides the requisites to enable the taxpayer to claim a refund or credit of its input VAT, the pertinent portions of which read as follows:

> "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: xxx: *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 of 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: xxx.
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> xxx xxx xxx
>
> (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 a tax credit certificate for creditable input taxes within one hundred twenty (120) days from the date of submission of complete documents in support of the application filed in accordance with Subsection (A) hereof.
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> 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."

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[27] AN ACT AMENDING SECTIONS 27, 28, 34, 106, 107, 108, 109, 110, 111, 112, 113, 114, 116, 117, 119, 121, 148, 151, 236, 237 AND 288 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES.

In *Silicon Philippines, Inc. vs. Commissioner of Internal Revenue*,[28] the Supreme Court held:

> "In a claim for credit/refund of input VAT attributable to zero-rated sales, Section 112(A) of the NIRC lays down four requisites, to wit:
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> 1) the taxpayer must be VAT-registered;
>
> 2) the taxpayer must be engaged in sales which are zero-rated or effectively zero-rated;
>
> 3) the claim must be filed within two years after the close of the taxable quarter when such sales were made; and
>
> 4) the creditable input tax due or paid must be attributable to such sales, except the transitional input tax, to the extent that such input tax has not been applied against the output tax.

To these, a fifth requisite should be added pursuant to the above-quoted Section 112(C) of the NIRC of 1997: that in case of full or partial denial of the refund claim, or the failure on the part of the Commissioner to act on the said claim within a period of 120 days from the date of submission of complete documents in support of the application, the judicial claim must be filed with this Court, within 30 days from receipt of the decision or after the expiration of the said 120-day period.

Taking into consideration the foregoing legal requirements, the Court finds it necessary to first determine the timeliness of the filing of petitioner's administrative and judicial claims, as the resolution thereof is determinative as to whether or not petitioner's claim shall prosper.

Third and fifth requisites: Timeliness of the administrative and judicial claims.

The instant case involves petitioner's claim for refund or issuance of TCC of alleged unutilized creditable input VAT attributable to its zero-rated sales for the 3rd and 4th quarters of FY 2010 ending in

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[28] G.R. No. 172378, January 17, 2011.

June 2010. Counting from March 31, 2010 and June 30, 2010, the close of the 3rd and 4th quarters of FY 2010, petitioner had until March 31, 2012 and June 30, 2012, respectively, within which to file its administrative claims with respondent.

As jointly stipulated by the parties, petitioner's administrative claims for refund for the 3rd and 4th quarters of FY 2010 were respectively filed on April 24, 2012,[29] and on June 11, 2012.[30]

Evidently, only the refund claim for the 4th quarter of FY 2010 was timely filed on June 11, 2012 at the administrative level, thus fulfilling the third requisite for the credit/refund of input VAT.

On the other hand, petitioner's refund claim for the 3rd quarter of FY 2010 was filed 24 days late on April 24, 2012, counting from March 31, 2012 and shall correspondingly fail at this point.

As regards the timeliness of the filing of the judicial claim, records show that petitioner submitted the required documents in support of its claims for both quarters on November 19, 2012.[31] From said date, respondent had 120 days from submission of said documents, or until March 19, 2013, to act on petitioner's refund claim for the 4th quarter of FY 2010. Considering the failure of respondent to act on said claim, petitioner had a period of thirty (30) days, or until April 18, 2013, to file a Petition for Review before this Court.

Records show that petitioner filed the instant Petition for Review on April 18, 2013, praying for the refund or issuance of a TCC in its favor for the aggregate amount of ₱193,488,562.15, allegedly representing its creditable input VAT paid and attributable to its effectively zero-rated sales for the third (3rd) and fourth (4th) quarters of fiscal year (FY) ending June 2010.

Clearly, the refund claim relevant to the 4th quarter of FY 2010 was timely filed at the judicial level, thus fulfilling the fifth requisite for the credit/refund claim of input VAT. As regards petitioner's refund claim for the 3th quarter of FY2010, as mentioned earlier, the same will not prosper because its administrative claim was filed late. Consequently, only the claim for refund or issuance of TCC representing petitioner's alleged unutilized input VAT attributable to

[29] Par. 4, Stipulation of Facts, JSFI, Docket, p. 367.
[30] Par. 5, Stipulation of Facts, JSFI, Docket, p. 367.
[31] Exhibits "P-8" and "P-8-1", Docket, p. 556 and 557, respectively.

its zero-rated sales in the amount of ₱135,699,362.34, covering the 4th quarter of FY 2010, shall henceforth be considered by this Court, in relation with petitioner's compliance with the other legal requisites for the grant of the subject credit/refund claim for input VAT.

First requisite: Taxpayer must be VAT-registered.

It is noteworthy that the parties stipulated that petitioner is VAT-registered.[32] Thus, it is without question that petitioner complied with the first requisite for the credit/refund of input VAT.

Second requisite: Taxpayer must be engaged in effectively zero-rated sales.

It is established in this case that the subject transaction covers the provision of services by petitioner to COMELEC, which included the supply and lease of Precinct-Count-Optical Scan (PCOS) machines to be used in the 2010 synchronized national and local elections.[33]

The pertinent provision of law in determining whether petitioner qualifies for zero-rating for the said transaction is Section 108(B)(3) of the NIRC of 1997, as amended by RA No. 9337, which is quoted hereunder for easy reference, to wit:

> "**SEC. 108.** ***Value-added Tax on Sale of Services and Use or Lease of Properties***. –
>
> xxx xxx xxx
>
> (B) *Transactions Subject to Zero Percent (0%) Rate.* – The following services performed in the Philippines by VAT-registered persons shall be subject to zero percent (0%) rate:
>
> xxx xxx xxx

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[32] Par. 3, Stipulation of Facts, JSFI, Docket, p. 367. See also Exhibit "P-1", Docket, p. 498.

[33] Q15-A15, Exhibit "P-15", Docket, pp. 487 to 488; and Article 3 (Scope of the Project), Exhibit "P-9", Docket, pp. 569 to 570.

> (3) Services rendered to persons or entities whose exemption under special laws or international agreements to which the Philippines is a signatory effectively subjects the supply of such services to zero percent (0%) rate;"

Based on the aforequoted provision, it is necessary to show that petitioner rendered services to persons or entities whose exemption under special laws or international agreements, to which the Philippines is a signatory, effectively subjects the supply of such services to zero percent (0%) rate.

In this case, the pertinent special law, is RA No. 9369, which is an Act Amending RA No. 8436, *entitled " An Act Authorizing The Commission On Elections To Use An Automated Election System in the May 11, 1998 National or Local Elections and In Subsequent National and Local Electoral Exercises, To Encourage Transparency, Credibility, Fairness and Accuracy of Elections, Amending for the Purpose Batas Pambansa Blg. 881, As Amended, Republic Act No. 7166 and Other Related Elections Laws, Providing Funds Therefor and For Other Purposes".* The pertinent provision thereof is Section 12 which reads as follows:

> "SEC. 12. *Procurement of Equipment and Materials.* – To achieve the purpose of this Act, **the Commission is authorized to procure, in accordance with existing laws, by purchase, lease, rent or other forms of acquisition, supplies, equipment, materials, software, facilities and other services, from local or foreign sources free from taxes and import duties, subject to accounting and auditing rules and regulations.** With respect to the May 10, 2010 elections and succeeding electoral exercises, the system procured must have demonstrated capability and been successfully used in a prior electoral exercise here or abroad. xxx" *(Emphasis and underscoring supplied)*

Thus, pursuant to Section 108(B)(3) of NIRC of 1997, as amended by RA No. 9337, in relation to the above-quoted provision, the services that petitioner performed to the COMELEC are effectively subject to zero percent (0%) VAT, so that no VAT is passed on to the COMELEC.

However, showing the legal basis for the entitlement of VAT zero-rating is one thing; establishing the fact of zero-rating is quite another. Case law dictates that in a claim for tax refund or tax credit, the applicant must prove not only entitlement to the claim but also compliance with all the documentary and evidentiary requirements therefor.[34]

For effective zero-rating, the taxpayer must comply with the invoicing requirements[35] under Section 113(A) and (B) of the NIRC of 1997, as amended by RA No. 9337, to wit:

> "**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:
>
> (1) A statement that the seller is a VAT-registered person, followed by his Taxpayer's Identification Number (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 value-added tax: *Provided*, That:
>
> (a) The amount of the tax shall be shown as a separate item in the invoice or receipt;

[34] *J.R.A. Philippines, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 171307, August 28, 2013.
[35] *Panasonic Communication Imaging Corporation of the Philippines vs. Commissioner of Internal Revenue*, G.R. No. 178090, February 8, 2010.

(b) If the sale is exempt from value-added tax, the term **'VAT-exempt sale'** shall be written or printed prominently on the invoice or receipt;

(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 involves 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 shown 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."

An examination of the official receipts issued by petitioner to the COMELEC reveals that these contain the required information. Further, for the 4th quarter of FY 2010, it is shown that petitioner generated gross receipts of ₱1,273,459,861.85[36] for services it rendered, the details of which follow:

Exhibit	**Date**	**Official Receipt No.**	**Amount**
Q-006	April 30, 2010	012	₱ 41,438,848.92
Q-007	April 30, 2010	013	181,587,243.44
Q-008	April 30, 2010	014	428,487,245.38
Q-009	April 16, 2010	015	193,929,018.53
Q-010	May 28, 2010	016	13,604,858.18
Q-011	May 28, 2010	017	98,382,300.30

[36] Exhibit "P-3", Docket, p. 541.

Q-012	June 23, 2010	018	150,385,128.66
Q-013	April 30, 2010	022	165,645,218.44
		TOTAL	**₱1,273,459,861.85**

Considering that petitioner's receipts are duly supported by official receipts which contain the information required by law, the same qualify for VAT zero-rating under Section 108(B)(3) of the NIRC of 1997, as amended by RA No. 9337, in relation to RA No. 8436, as amended by RA No. 9369.

Fourth requisite: The creditable input tax due or paid must be attributable to such sales, except the transitional input tax, to the extent that such input tax has not been applied against the output tax.

The aggregate amount being claimed by petitioner for refund/tax credit allegedly representing input VAT on its domestic purchases of goods and services for the 4th quarter of FY 2010 is ₱135,699,362.34.

Based on the Amended and Final Report dated December 27, 2013 of the Court-commissioned Independent CPA,[37] the latter found that said input VAT were paid by petitioner in the ordinary course of business,[38] and that the same are not transitional input taxes.[39] However, of the said amount of ₱135,699,362.34, We agree with the findings of the Independent CPA noting certain exceptions in the total amount of ₱17,350,994.09, and should therefore be deducted from petitioner's input VAT claim, summarized as follows:

EXCEPTIONS NOTED	**APRIL (Exhibit "M")**	**MAY (Exhibit "N")**	**JUNE (Exhibit "O")**	**TOTAL**
Original supporting documents not submitted/ available for examination	₱1,141,493.34	₱1,376,519.58	₱12,224,115.40	₱ 14,742,128.32
Amount claimed is greater than the amount in supporting documents	609,789.41	1,996,323.03	1,025.39	2,607,137.83

[37] Exhibit "P-13", Docket, pp. 605 to 616.
[38] Exhibit "P-13" (FINDINGS, Par. 6), Docket, p. 614.
[39] Exhibit "P-13" (FINDINGS, Par. 7), Docket, p. 614.

Transactions with no input VAT payments	-	-	1,727.94	1,727.94
TOTAL				**₱17,350,994.09**

In addition to the exceptions found by the Independent CPA, the Court finds that the input VAT in the aggregate amount of ₱116,935,591.50 should also be disallowed for the reasons stated below:

Exhibit		Official Receipt / Invoice No.	Invoice/ OR Date	Supplier	Disallowed Input VAT
1) Input VAT on purchases of goods and services supported by VAT invoices/official receipts but no separate line item presented for VAT amount					
M-	003.1	5824	4/12/2010	Ace Logistics, Inc.	₱ 3,908,292.86
M-	009.1	040245	4/14/2010	Anscor Casto Travel Corp.	733.61
M-	010.1	040388	4/20/2010	Anscor Casto Travel Corp.	1,066.71
M-	012.1	52239	4/12/2010	Asia Cargo Container Line, Inc.	19,332.30
M-	013.1	52236	4/7/2010	Asia Cargo Container Line, Inc.	28,934.92
M-	016.1	26433	4/19/2010	Bestprints Multiline	47,916.43
M-	017.1	26388	4/23/2010	Bestprints Multiline	3,214.29
M-	018.1	26397	4/29/2010	Bestprints Multiline	15,502.93
M-	019.1	0012	4/12/2010	Big "A" Force Security Agency Inc.	52,999.69
M-	020.1	0014	4/23/2010	Big "A" Force Security Agency Inc.	49,687.22
M-	025.2	108764	4/20/2010	Citra Metro Manila Tollways Corporation	1,607.14
M-	026.1	107586	4/13/2010	Citra Metro Manila Tollways Corporation	1,607.14
M-	027.2	25221	4/14/2010	Columbia Transport, Inc.	106,051.01
M-	028.11	25257	4/23/2010	Columbia Transport, Inc.	9,044.93
M-	028.49	25256	4/23/2010	Columbia Transport, Inc.	19,770.07
M-	029.1	25274	4/27/2010	Columbia Transport, Inc.	21,880.54
M-	030.1	25301	4/29/2010	Columbia Transport, Inc.	3,539.76
M-	031.1	3339	4/23/2010	Computer Network Systems Corporation	265,854.00
M-	033.1	2207	4/23/2010	Dell's Restaurant Associates, Inc.	235.71
M-	034.1	134959	4/16/2010	Diar's Assistance, Inc.	8,144.77
M-	035.1	134973	4/27/2010	Diar's Assistance, Inc.	11,838.31
M-	041.1	0608	4/8/2010	EPL Multiline Business, Inc.	13,673.75
M-	042.1	0522	4/11/2010	EPL Multiline Business, Inc.	89,318.59
M-	043.1	0610	4/19/2010	EPL Multiline Business, Inc.	17,684.13
M-	044.1	0614	4/23/2010	EPL Multiline Business, Inc.	23,251.12
M-	051.2	2112480	4/21/2010	Globe Telecom	1,645,080.00
M-	053.1	0308402	4/19/2010	Innove Communications	3,024,000.00
M-	054.1	0308401	4/19/2010	Innove Communications	417,346.32
M-	055.1	0306009	5/5/2010	Innove Communications	80,040.00
M-	057.2	0305	4/7/2010	JPL Advertising	99,910.71
M-	058.1	0306	4/23/2010	JPL Advertising	79,928.57
M-	060.3	110	5/3/2010	LRA Pacific Management Consulting Inc.	1,178,502.10
M-	061.2	109	4/29/2010	LRA Pacific Management Consulting Inc.	1,178,502.10
M-	063.3, 063.4	1020 / 1021	4/6/2010	Lucky Dumpling Enterprises	4,328.57

M-	064.3	1022	4/12/2010	Lucky Dumpling Enterprises	3,927.86
M-	065.4	1023	4/12/2010	Lucky Dumpling Enterprises	19,068.75
M-	066.1	76632	5/14/2010	Mace Insurance Agency, Inc.	230.73
M-	067.1	76772	6/1/2010	Mace Insurance Agency, Inc.	25.69
M-	068.1	205492	4/22/2010	Manila Bulletin Publishing Corporation	12,587.40
M-	069.1	1165	4/14/2010	Manila Resource Development Corp.	8,596.22
M-	070.1	1167	4/23/2010	Manila Resource Development Corp.	30,803.99
M-	071.2	1168	4/3/2010	Manila Resource Development Corp.	1,915,451.54
M-	074.1	24149	4/23/2010	Monica Publishing Corp.	5,184.00
M-	075.1	0870	4/23/2010	Northwell Corporation	36,696.43
M-	076.1	0368	4/16/2010	Parc International Travel Corp.	605.36
M-	077.1	0369	4/21/2010	Parc International Travel Corp.	11,558.04
M-	078.1	0370	4/23/2010	Parc International Travel Corp.	1,869.64
M-	079.1	0371	4/30/2010	Parc International Travel Corp.	803.57
M-	080.1	0053	4/20/2010	Peddler TechResources, Inc.	19,800.00
M-	081.1	0054	4/22/2010	Peddler TechResources, Inc.	19,800.00
M-	085.1	92419	4/23/2010	Phil-Data Business Systems, Inc.	86,574.00
M-	087.2	10489	4/30/2010	Philippine International Convention Center	14,678.57
M-	090.1	5773	4/12/2010	Philippine Long Distance Telephone	1,491.79
M-	093.1	286086	4/23/2010	PhilStar Daily, Inc.	12,247.20
M-	094.1	1009	4/24/2010	Placewell International Services Corp.	26,541.87
M-	095.2	1010	5/3/2010	Placewell International Services Corp.	2,307,272.69
M-	096.1	302	4/13/2010	Power Serve, Inc.	164,117.61
M-	097.1	301	4/13/2010	Power Serve, Inc.	1,154,900.49
M-	098.1	271	4/20/2010	Power Serve, Inc.	517,328.46
M-	099.1	0089	4/29/2010	Powernet Systems Corp.	2,871.43
M-	100.1	3630	4/23/2010	RA Lanting Security & Investigation Agency	7,871.39
M-	103.2	0678	5/4/2010	Rjen Innovative IT Solutions Co. Ltd.	7,297.39
M-	104.3	0061	4/23/2010	Sapsense Consulting Inc.	5,357.14
M-	105.2	0062	4/26/2010	Sapsense Consulting Inc.	5,357.14
M-	106.2	0735	4/6/2010	SEComp. Inc.	11,250.00
M-	107.1	0745	4/22/2010	SEComp. Inc.	11,250.00
M-	114.1	12022	4/26/2010	SLI Software Laboratories, Inc.	3,772.36
M-	123.13	7837	4/8/2010	Technology Links International Corporation	6,964.29
M-	124.1	08633	4/23/2010	Times Plaza Association, Inc.	120.00
M-	125.1	14114	4/23/2010	Total Information Management Corporation	49,726.62
M-	126.1	2187	4/26/2010	Ventures Link International, Inc.	22,484.73
M-	127.1	2188	4/26/2010	Ventures Link International, Inc.	5,180,035.35
M-	128.1	2186	4/23/2010	Ventures Link International, Inc.	25,842.24
M-	131.1	4848	4/19/2010	Ximex Delivery Express, Inc.	231,792.18
N-	002.1	44702	5/18/2010	ACCRA Law Offices	13,980.56
N-	003.11	5272	5/8/2010	Ace Logistics, Inc.	2,931,219.64
N-	008.1	1421719	5/7/2010	Airfreight 2100, Inc.	637,252.33
N-	009.1	1429861	5/27/2010	Airfreight 2100, Inc.	69,642.86
N-	010.1	1413217	5/27/2010	Airfreight 2100, Inc.	133,654.82
N-	011.1	1413218	5/27/2010	Airfreight 2100, Inc.	7,714.28

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N-	012.2	1413219	5/27/2010	Airfreight 2100, Inc.	83,785.71
N-	013.1	1413220	5/27/2010	Airfreight 2100, Inc.	20,571.43
N-	014.1	139878	5/7/2010	Airspeed International Corporation	652,518.64
N-	016.1	5659	5/17/2010	Argo International Forwarders, Inc.	1,948,859.31
N-	017.1	5666	6/1/2010	Argo International Forwarders, Inc.	2,779,731.35
N-	018.1	52244	5/6/2010	Asia Cargo Container Line, Inc.	11,825.72
N-	019.1	5577	6/11/2010	Asia Select, Inc.	840.00
N-	021.1	26441	5/6/2010	Bestprints Multiline	4,102.50
N-	022.1	26444	5/7/2010	Bestprints Multiline	139,712.14
N-	023.1	25555	5/20/2010	Bestprints Multiline	4,596.43
N-	024.1	0018	5/13/2010	Big "A" Force Security Agency Inc.	49,687.22
N-	025.2	0020	5/28/2010	Big "A" Force Security Agency Inc.	33,589.29
N-	027.1	25355	5/7/2010	Columbia Transport, Inc.	5,325.09
N-	028.1	25354	5/7/2010	Columbia Transport, Inc.	4,403.24
N-	029.4	3524	5/5/2010	Crosspoint Computers Inc.	9,696.43
N-	031.1	42451	5/14/2010	Dell's Restaurant Associates, Inc.	43,296.43
N-	032.1	134988	5/17/2010	Diar's Assistance, Inc.	14,941.10
N-	033.1	135713	5/28/2010	Diar's Assistance, Inc.	8,877.58
N-	034.1	135651	6/1/2010	Diar's Assistance, Inc.	7,941.11
N-	036.1	057520	5/12/2010	Digital Telecommunications Phils., Inc.	19,742.40
N-	038.2	0623	5/6/2010	EPL Multiline Business, Inc.	47,147.92
N-	039.1	0625	5/17/2010	EPL Multiline Business, Inc.	49,140.82
N-	040.1	0630	5/27/2010	EPL Multiline Business, Inc.	67,030.85
N-	042.1	0627	5/27/2010	EPL Multiline Business, Inc.	86,811.53
N-	043.2	0622	5/6/2010	EPL Multiline Business, Inc.	87,861.43
N-	044.1	26108	6/9/2010	Explorer Freight Corporation	61,411.94
N-	049.2	0308824	5/11/2010	Innove Communications, Inc.	192,036.00
N-	050.1	0308823	5/11/2010	Innove Communications, Inc.	258,866.40
N-	051.1	0308826	5/11/2010	Innove Communications, Inc.	417,346.32
N-	052.1	0309522	6/8/2010	Innove Communications, Inc.	407,160.00
N-	054.1	0319	5/11/2010	JPL Advertising	79,928.57
N-	055.2	0309	5/13/2010	JPL Advertising	59,946.43
N-	056.1	398254	5/14/2010	Kamahalan Publishing Corp.	13,384.39
N-	057.6	271203	5/13/2010	LBC Express-SL, Inc.	6,474.11
N-	058.2	271246	6/3/2010	LBC Express-SL, Inc.	14,026.07
N-	061.3	110	5/3/2010	LRA Pacific Management Consulting Inc.	1,178,502.00
N-	062.2	113	5/14/2010	LRA Pacific Management Consulting Inc.	1,178,502.10
N-	064.1	76633	5/14/2010	Mace Insurance Agency, Inc.	101.32
N-	065.1	76771	6/1/2010	Mace Insurance Agency, Inc.	13.50
N-	066.1	206733	5/14/2010	Manila Bulletin Publishing Corporation	18,030.60
N-	067.2	1168	4/3/2010	Manila Resource Development Corp.	1,915,451.54
N-	068.2	1170	5/4/2010	Manila Resource Development Corp.	104,234.86
N-	069.2	1169	5/4/2010	Manila Resource Development Corp.	50,461.80
N-	070.1	1172	5/6/2010	Manila Resource Development Corp.	2,873,177.32
N-	071.2	1171	5/6/2010	Manila Resource Development Corp.	678,216.00
N-	072.1	1174	5/8/2010	Manila Resource Development Corp.	67,400.61
N-	073.1	1175	5/14/2010	Manila Resource Development	

				Corp.	6,704,080.40
N-	074.2	50632	5/7/2010	New Horizon Hotel	11,025.00
N-	075.3	51436	6/7/2010	New Horizon Hotel	12,228.82
N-	076.1	02618	5/8/2010	NNR Global Logistics (Philippines) Inc.	1,007.69
N-	078.1	0001	6/11/2010	Fundamental Edge	3,600.00
N-	079.1	0373	5/7/2010	Parc International Travel Corp.	52,631.25
N-	080.1	0374	5/7/2010	Parc International Travel Corp.	3,613.93
N-	081.1	0377	5/20/2010	Parc International Travel Corp.	983.57
N-	082.1	0379	5/31/2010	Parc International Travel Corp.	1,160.36
N-	083.1	0380	5/31/2010	Parc International Travel Corp.	1,682.14
N-	084.1	0055	6/1/2010	Peddler TechResources, Inc.	12,000.00
N-	085.1	558221	5/14/2010	Philippine Daily Inquirer	20,205.72
N-	088.1	287251	5/14/2010	PhilStar Daily, Inc.	20,217.60
N-	089.2	1010	5/3/2010	Placewell International Services Corp.	2,307,272.69
N-	090.5	1011	5/4/2010	Placewell International Services Corp.	90,108.14
N-	091.1	1014	5/6/2010	Placewell International Services Corp.	3,460,909.03
N-	092.2	1013	5/6/2010	Placewell International Services Corp.	504,828.00
N-	093.1	15796	5/20/2010	Polystar General Services, Inc.	694,484.46
N-	094.1	276	5/6/2010	Power Serve, Inc.	817,189.90
N-	095.1	274	5/6/2010	Power Serve, Inc.	517,328.46
N-	096.1	275	5/6/2010	Power Serve, Inc.	689,983.84
N-	097.1	273	5/6/2010	Power Serve, Inc.	4,147.20
N-	098.1	3694	5/17/2010	RA Lanting Security & Investigation Agency	3,808.74
N-	099.2	15699	5/6/2010	The Elephant Exhibit	1,185.60
N-	100.1	15710	5/17/2010	The Elephant Exhibit	148.80
N-	105.1	11978	5/7/2010	Software Laboratories, Inc.	5,297.36
N-	106.1	12101	5/14/2010	Software Laboratories, Inc.	4,417.20
N-	113.2	14118	5/5/2010	Total Information Management Corporation	232,714.82
N-	114.2	14117	5/5/2010	Total Information Management Corporation	514,184.69
N-	117.1	0033952	5/17/2010	UPSI Property Holdings, Inc.	853.39
N-	118.1	0033953	5/17/2010	UPSI Property Holdings, Inc.	1,422.32
N-	119.2	2189	5/5/2010	Ventures Link International, Inc.	2,192,569.44
N-	120.1	2190	5/5/2010	Ventures Link International, Inc.	110,494.06
N-	121.2	2191	5/6/2010	Ventures Link International, Inc.	3,288,854.16
N-	122.1	2192	5/7/2010	Ventures Link International, Inc.	734,112.00
N-	123.1	2193	5/14/2010	Ventures Link International, Inc.	7,673,993.04
N-	124.1	2195	6/7/2010	Ventures Link International, Inc.	30,533.40
N-	125.1	18591	5/11/2010	Via Mare Corporation	7,020.00
N-	127.1	1539	5/17/2010	We Are I.T. Phils., Inc.	1,299,456.00
N-	129.1	4952	5/8/2010	Ximex Delivery Express, Inc.	234,168.00
N-	130.1	4953	5/14/2010	Ximex Delivery Express, Inc.	465,960.18
N-	131.1	0508	5/7/2010	Ace Millenium Graphic Printers	2,535.00
N-	133.1	24974	5/19/2010	Columbia Transport, Inc.	2,760.69
N-	134.1	42476	5/31/2010	Dell's Restaurant Associates, Inc.	45,198.22

N-	135.1	112	5/7/2010	LRA Pacific Management Consulting Inc.	1,060,651.89
N-	137.1	280	5/20/2010	Power Serve, Inc.	517,328.46
N-	138.2	1635	5/28/2010	We Are I.T. Phils., Inc.	372,060.00
O-	003.1	0519	6/25/2010	Ace Millenium Graphic Printers	4,178.57
O-	006.1	0116	6/22/2010	AMCA Smart Solutions, Inc.	30,859.50
O-	007.1	52311	6/25/2010	Asia Cargo Container Line, Inc.	321.43
O-	009.1	0028	6/21/2010	Big "A" Force Security Agency Inc.	52,999.70
O-	014.1	15812	6/21/2010	DDB Phils., Inc.	4,285.71
O-	015.1	135664	6/15/2010	Diar's Assistance, Inc.	712.47
O-	016.1	135679	6/28/2010	Diar's Assistance, Inc.	17,738.39
O-	019.1	0634	6/5/2010	EPL Multiline Business, Inc.	8,885.30
O-	020.1	0635	6/5/2010	EPL Multiline Business, Inc.	60,438.34
O-	021.1	0529	6/17/2010	EPL Multiline Business, Inc.	19,988.84
O-	022.1	0595	6/22/2010	EPL Multiline Business, Inc.	45,857.14
O-	024.1	23551	6/22/2010	Germalin Enterprises, Incorporated	2,228.54
O-	032.1	0312	6/7/2010	JPL Advertising	39,964.29
O-	034.1	9903	6/21/2010	LearningLitz, Inc.	30,538.90
O-	035.2	115	6/7/2010	LRA Pacific Management Consulting Inc.	19,049.40
O-	036.1	1155	6/29/2010	Metermaster Media Services	36,000.00
O-	038.1	1178	6/22/2010	Manila Resource Development Corp.	60,368.47
O-	039.2	1180	6/29/2010	Manila Resource Development Corp.	680,652.00
O-	041.2	1177	6/2/2010	Manila Resource Development Corp.	1,855,083.08
O-	042.1	02644	6/28/2010	NNR Global Logistics (Philippines) Inc.	3,216.00
O-	046.1	0382	6/7/2010	Parc International Travel Corp.	5,804.36
O-	047.1	0381	6/7/2010	Parc International Travel Corp.	1,414.29
O-	048.1	0385	6/22/2010	Parc International Travel Corp.	498.21
O-	049.1	0056	6/22/2010	Peddler TechResources, Inc.	5,451.43
O-	051.1	58552	6/18/2010	Philippine Vending Corporation	1,260.11
O-	052.1	305	6/8/2010	Power Serve, Inc.	1,013,368.10
O-	053.1	304	6/8/2010	Power Serve, Inc.	34,242.86
O-	054.1	281	6/29/2010	Power Serve, Inc.	759,666.37
O-	056.1	3758	6/15/2010	RA Lanting Security & Investigation Agency	3,808.74
O-	057.2	3649	6/23/2010	RA Lanting Security & Investigation Agency	4,062.65
O-	058.1	15742	6/14/2010	The Elephant Exhibit	11,556.60
O-	059.2	15745	6/11/2010	The Elephant Exhibit	2,220.00
O-	067.1	12160	6/7/2010	Software Laboratories, Inc.	5,410.81
O-	070.1, 071.2	39147	6/16/2010	The New Albergus, Inc.	33,814.18
O-	072.1	39261	6/23/2010	The New Albergus, Inc.	8,698.45
O-	073.1	08793	6/23/2010	Times Plaza Association, Inc.	276.48
O-	075.1	0033982	6/22/2010	UPSI Property Holdings, Inc.	1,442.82
O-	076.2	2302	6/15/2010	Ventures Link International, Inc.	55,517.76
O-	079.1	4954	6/2/2010	Ximex Delivery Express, Inc.	815,430.32
O-	081.2	139812	5/27/2010	Airspeed International Corporation	60,529.34
O-	082.2	139818	5/27/2010	Airspeed International Corporation	581,301.69
O-	083.2	139819	5/27/2010	Airspeed International Corporation	318,567.52
O-	084.1	5679	6/21/2010	Argo International Forwarders, Inc.	1,461,644.48

O-	086.1	14138	6/7/2010	Total Information Management Corporation	16,325.83
O-	087.1	14139	6/7/2010	Total Information Management Corporation	118,058.76
O-	088.1	14144	6/15/2010	Total Information Management Corporation	180,462.15
				Subtotal	***87,129,768.54***
2) Input VAT on purchases of services supported by undated VAT official receipts.					
M-	011.3	5635	-	Argo International Forwarders, Inc.	11,821,476.63
M-	037.2	138702	-	Digitel Mobile Philippines, Inc.	321,428.57
N-	035.2	138702	-	Digitel Mobile Philippines, Inc.	321,428.57
O-	080.2	139816	-	Airspeed International Corporation	435,012.43
				Subtotal	***12,899,346.20***
3) Input VAT on purchases of services supported by documents imprinted with the statement "not a valid source of input tax"/"not a valid source to claim input tax".					
M-	006.1	0126	4/21/2010	All Corners Enterprises	375.00
M-	007.1	0127	4/30/2010	All Corners Enterprises	262.50
M-	089.1 to 089.3	176271 to 75	4/26/2010	PLDT Co.	2,946.43
M-	091.2	29758	5/4/2010	PLDT Co.	72,321.43
M-	111.1	007417	4/22/2010	Smart Communications, Inc.	3,696.43
M-	112.1	007267	4/19/2010	Smart Communications, Inc.	1,472,464.29
M-	113.1	007416	4/22/2010	Smart Communications, Inc.	71,464.29
N-	015.1	0161	5/17/2010	All Corners Enterprises	776.79
O-	004.1	0186	6/25/2010	All Corners Enterprises	75.00
O-	005.1	0187	6/25/2010	All Corners Enterprises	385.71
O-	050.1 to 050.6	212835 to 41	6/18/2010	PLDT Co.	1,731.41
				Subtotal	***1,626,499.28***
4) Input VAT on purchases of goods and services supported by VAT invoices/official receipts but dated outside the period of claim					
M-	040.12	37800	12/12/2009	Eastern Gold Corporation	1,144.34
M-	062.3	1014	3/31/2010	Lucky Dumpling Enterprises	787.50
M-	072.10	29658	3/24/2010	Microphase Corporation	396.43
M-	115.1	7209	11/30/2010	Sostanza, Inc.	21,401.79
M-	118.2	0792	3/29/2010	Techill Technologies Corporation	1,537.50
M-	118.7	0802	3/30/2010	Techill Technologies Corporation	750.00
M-	122.4	7789	3/26/2010	Technology Links International Corporation	1,607.14
M-	123.5	7767	3/24/2010	Technology Links International Corporation	3,214.29
M-	129.5	0016	3/16/2010	Wave 2 Enterprises	439,211.87
N-	063.1	1016	3/31/2010	Lucky Dumpling Enterprises	3,257.14
N-	060.2	0504	5/7/2011	Litrad Inc.	2,528.57
O-	001.1	45727	7/5/2010	ACCRA Law Offices	59,325.00
O-	002.1	6158	7/1/2010	Ace Logistics Incorporated	1,954,146.43
O-	008.1	25459	7/2/2010	Bestprints Multiline	23,631.28
O-	013.1	24987	7/1/2010	Columbia Transport, Inc.	10,692.13
O-	017.1	135695	7/*/2010	Diar's Assistance, Inc.	8,826.32
O-	023.1	0638	7/2/2010	EPL Multiline Business, Inc.	13,326.99
O-	025.1	23292	7/2/2010	Germalin Enterprises, Incorporated	288,545.56
O-	030.1	2001789	7/2/2010	Globe Telecom, Inc.	86,494.95
O-	033.1	258964	7/9/2010	LBC Express-SL, Inc.	4,232.14
O-	037.1	1163	7/8/2010	Metermaster Media Services	36,000.00
O-	040.1	1181	7/2/2010	Manila Resource Development Corp.	2,181,818.18
O-	043.9	112067	2/19/2010	Office Basics Corp.	101.79
O-	043.10	112042	2/18/2010	Office Basics Corp.	46.61
O-	043.11	112021	2/17/2010	Office Basics Corp.	485.84
O-	044.20	113041	3/15/2010	Office Basics Corp.	444.64
O-	044.22	113093	3/16/2010	Office Basics Corp.	95.46
O-	044.24	112960	3/11/2010	Office Basics Corp.	47.57
O-	044.26	116144	3/9/2010	Office Basics Corp.	357.54
O-	044.28	112691	3/5/2010	Office Basics Corp.	241.07

O-	044.30	112557	3/2/2010	Office Basics Corp.	377.25
O-	044.32	112544	3/1/2010	Office Basics Corp.	536.79
O-	044.34	112107	2/21/2010	Office Basics Corp.	85.71
O-	044.36	110690	1/28/2010	Office Basics Corp.	120.00
O-	045.1	0704	7/1/2010	Cutad, Inc.	10,800.00
O-	055.1	13949	7/9/2010	Protemps, Inc.	4,166.33
O-	063.1	16293	7/13/2010	RHL Properties & Development Corporation	21,743.40
O-	074.1	08816	7/1/2010	Times Plaza Association, Inc.	240.00
				Subtotal	***5,182,765.55***
5) Input VAT on purchases of services supported by NON-VAT, TIN only, Zero Rated official receipts					
M-	021.1	0592	5/11/2010	Bigbest Employment & Manpower Services	1,800.00
M-	046.1	23356	4/20/2010	Germalin Enterprises, Inc.	3,335.14
M-	092.1	54068	4/23/2010	Philippine Vending Corporation	1,121.25
M-	109.1	0027	5/7/2010	Shinsei Industries Philippines, Inc.	18,692.14
M-	110.1	0030	5/7/2010	Shinsei Industries Philippines, Inc.	20,200.71
N-	045.1	23261	4/6/2010	Germalin Enterprises, Inc.	5,582.14
N-	046.1	23262	5/7/2010	Germalin Enterprises, Inc.	288,545.47
N-	047.1	23271	5/20/2010	Germalin Enterprises, Inc.	9,878.57
N-	048.1	23274	5/22/2010	Germalin Enterprises, Inc.	334,808.94
N-	102.1	0029	5/7/2010	Shinsei Industries Philippines, Inc.	7,071.43
N-	103.1	0031	6/2/2010	Shinsei Industries Philippines, Inc.	1,178.57
N-	104.1	0032	6/2/2010	Shinsei Industries Philippines, Inc.	1,013.57
O-	062.1	5226	6/23/2010	RHL Properties & Development Corporation	1,296.00
O-	066.1	3025	6/16/2010	SNS Audio Video	6,964.29
				Subtotal	***701,488.22***
6) Input VAT on purchases of goods and services supported by documents other than VAT invoices/official receipts					
M-	001	-	-	Abenson, Inc.	5,464.29
M-	050	-	-	Globe Telecom	27,530.12
N-	030	-	-	Dell's Restaurant Associates, Inc.	19,956.00
N-	086	-	-	PLDT Co.	1,852.20
N-	087	-	-	PLDT Co.	20,892.86
N-	116	-	-	UPSI Property Holdings, Inc.	7,680.54
N-	136			Placewell International Services Corporation	8,075,454.40
O-	012	-	-	CENTREX Corporation	10,311.51
O-	027	-	-	Globe Telecom Inc.	1,038.41
O-	060	-	-	Ramon Jose A. Cruz	4,285.71
O-	068	-	-	Soriano Arts Design and Concept	7,596.96
O-	085	-	-	LDLA Marketing	1,213,660.71
				Subtotal	***9,395,723.71***
				Grand Total	**₱ 116,935,591.50**

As a result, out of the total input VAT claim of ₱135,699,362.34, only the amount of ₱1,412,776.75, as computed below, represents claimable input tax for the 4th quarter of FY 2010:

Total Input VAT claim for refund for the 4th quarter of FY 2010		₱135,699,362.34
Less: Not properly substantiated input VAT		
(a) Per Independent CPA	₱ 17,350,994.09	
(b) Per this Court's further verification	116,935,591.50	134,286,585.59
Substantiated input VAT for the 4th quarter of FY 2010		**₱1,412,776.75**

Nevertheless, to be entitled to the said amount of ₱1,412,776.75, it must be shown that the input VAT claimed for refund remained unutilized.

As evidenced by its Quarterly VAT Return for the 4th quarter of FY 2010,[40] petitioner had no output tax liability against which the claimable input VAT of ₱1,412,776.75 may be applied or credited. Petitioner failed to show that its total claim for refund in the amount of ₱193,488,562.15, or at least its claim for the 4th quarter of FY 2010 in the amount ₱135,699,362.34[41], was not fully utilized in the succeeding periods.

Even though petitioner deducted the amount of ₱265,852,513.52[42] from the total allowable input tax of ₱304,422,739.08, it cannot be ascertained by this Court whether or not the instant claim forms part of the said amount reflected as "VAT Refund/TCC claimed" in the 4th quarter of FY 2012. Thus, there is a possibility that petitioner could have utilized the said input VAT in the amount of ₱1,412,776.75 in the succeeding quarters.

As cases filed before this Court are litigated *de novo*, party-litigants should prove **every minute aspect** of their cases.[43]

Furthermore, statutes that grant tax exemptions are construed *strictissimi juris* against the taxpayer and liberally in favor of the taxing authority. Tax refunds in relation to VAT are in the nature of such exemptions.[44] Petitioner has the burden of proof to establish the factual basis of its claim for tax refund.[45] In this regard, petitioner failed to convince this Court as to its right to refund or tax credit being claimed in the instant case.

WHEREFORE, all the foregoing considered, the instant Petition for Review is hereby **DENIED** for insufficiency of evidence.

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[40] Exhibit "P-3", Docket, p. 541.
[41] ₱135,240,534.35 + ₱458,827.98
[42] Line 23D, Exhibit "S-008".
[43] *Dizon vs. Court of Tax Appeals, et al.,* G.R. No. 140944, April 30, 2008; *Atlas Consolidated Mining and Development Corporation vs. Commissioner of Internal Revenue,* G.R. No. 145526, March 16, 2007; and *Commissioner of Internal Revenue vs. Manila Mining Corporation,* G.R. No. 153204, August 31, 2005.
[44] *Panasonic Communication Imaging Corporation of the Philippines vs. Commissioner of Internal Revenue*, G.R. No. 178090, February 8, 2010.
[45] *Citibank, N.A. vs. Court of Appeals, et al.*, G.R. No. 107434, October 10, 1997.

SO ORDERED.

ERLINDA P. UY
Associate Justice

WE CONCUR:

ROMAN G. DEL ROSARIO
Presiding Justice

Cielito N. Mindaro-Grulla
CIELITO N. MINDARO-GRULLA
Associate Justice

CERTIFICATION

I hereby certify that this Decision was reached after due consultation among the members of this Division in accordance with the provisions of Section 13, Article VIII of the Constitution.

ROMAN G. DEL ROSARIO
Chairperson
Presiding Justice