REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

SECOND DIVISION

CBK POWER COMPANY LIMITED, Petitioner,	**C.T.A. CASE NO. 7220**
	Members:
- versus -	**CASTAÑEDA, JR.,** *Chairperson* **UY,** *and* **PALANCA-ENRIQUEZ,** *JJ.*
COMMISSIONER OF INTERNAL REVENUE, Respondent.	**Promulgated:** FEB 0 6 2009 8:25 a.m.

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DECISION

UY, J.:

Before Us is a Petition for Review filed on April 18, 2005 by petitioner CBK Power Company Limited, against respondent Commissioner of Internal Revenue, for the issuance of a tax credit certificate in the amount of TWO HUNDRED NINETY FIVE MILLION NINE HUNDRED NINETY FOUR THOUSAND FIVE HUNDRED EIGHTEEN PESOS (P295,994,518.00) allegedly representing unutilized input taxes on local purchases of goods and services attributable to zero-rated sales for the period covering January 1, 2003 to December 31, 2003.

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THE FACTS

Culled from the parties Joint Stipulation of Facts and Issues (JSFI) submitted on August 10, 2005,[1] these are the facts of the case.

Petitioner is a partnership duly organized and existing under and by virtue of the laws of the Philippines, with principal office at the National Power Corporation (NPC) Compound, Kalayaan, Laguna. On the other hand, respondent is the duly appointed Commissioner of Internal Revenue vested with authority to act as such, including *inter alia*, the power to decide, approve and grant refunds or tax credit of erroneously or illegally collected internal revenue taxes as provided by law. He holds office at the Bureau of Internal Revenue (BIR) National Office Building, Diliman, Quezon City.

Petitioner is a special purpose entity and was formed for the sole purpose of engaging in all aspects of (a) the design, financing, construction, testing, commissioning, operation, maintenance, management and ownership of Kalayaan II pumped-storage hydroelectric power plant, the new Caliraya Spillway, and other assets located in the Province of Laguna; and (b) the rehabilitation, upgrade, expansion, testing, commissioning, operation, maintenance and management of the Caliraya, Botocan and Kalayaan I hydroelectric power plants and their related facilities located in the Province of Laguna. It is registered as a valued-added tax (VAT) entity since April 10, 2000, with Tax Identification Number (TIN)/VAT No. 205-760-474-000 and BIR Certificate of Registration 1RC0000195405.

[1] Docket, pp. 303-308.

On January 2, 2003, petitioner filed an Application for VAT zero-rate with the BIR which was duly approved on January 29, 2003 pursuant to VAT Review Committee Ruling No. 018-03.

During the period from January 1, 2003 to December 31, 2003, petitioner filed with the BIR its Monthly VAT Declarations and Quarterly VAT Returns. It filed its Original Quarterly VAT Returns for the first, second, third, and fourth quarters of calendar year 2003 on the following dates:[2]

Quarter	Date filed
First	April 24, 2003
Second	July 25, 2003
Third	October 24, 2003
Fourth	January 26, 2004

Subsequently, petitioner amended its Monthly VAT Declarations and Quarterly VAT Returns for calendar year 2003, wherein the Amended Quarterly VAT Returns reflected unutilized/excess input taxes amounting to P298,430,362.42. Petitioner filed its Amended Quarterly VAT Returns on the following dates:[3]

Quarter	Date filed
First	June 10, 2003 and March 23, 2005
Second	March 23, 2005
Third	March 23, 2005
Fourth	March 23, 2005

On March 29, 2005, petitioner filed with the BIR Revenue District Office (RDO) No. 55 of Laguna an administrative claim for the issuance of a tax credit certificate for a total amount of P295,994,518.00 for its unutilized input taxes on the purchase of capital goods for calendar year 2003, amounting to P278,669.281.17, and on its unutilized input taxes on its local purchase of

[2] Par. 6, Facts Admitted, Joint Stipulation of Facts and Issues (JSFI); Docket, pp. 304-305.
[3] Par. 7, Ibid.; Docket, p. 305.

goods and services, other than capital goods for calendar year 2003, amounting to P17,325,236.83, attributable to its zero-rated sales.[4]

To toll the running of the two-year prescriptive period to judicially claim a tax refund/credit, petitioner filed the instant Petition for Review on April 18, 2005 pursuant to Section 229 of the National Internal Revenue Code (NIRC) of 1997.

Respondent, in his Answer filed on June 3, 2005, raised the following Special and Affirmative Defenses:

> "4. Petitioner's alleged claim for refund is subject to administrative routinary investigation/examination by respondent's Bureau;
>
> 5. The amount of P295,994,518.00 being claimed by petitioner as alleged unutilized input taxes for the period January 1, 2003 to December 31, 2003 was not properly documented;
>
> 6. In an action for refund/credit, the burden of proof is on the taxpayer to establish its right to refund, and failure to sustain the burden is fatal to the claim for refund/credit;
>
> 7. Petitioner must show that it has complied with the provisions of Sections 204 (C) and 229 of the 1997 Tax Code on the prescriptive period for claiming tax refund/credit;
>
> 8. Claims for refund are construed strictly against the claimant for the same partake the nature of exemption from taxation **(Commissioner of Internal Revenue vs. Ledesma, 31 SCRA 95)** and as such, they are looked upon with disfavor **(Western Minolco Corp. vs. Commissioner of Internal Revenue, 124 SCRA 1211)**."

To support its claim, petitioner presented testimonial and documentary evidence. Respondent, on the other hand, submitted the case for decision based on the pleadings as there was no report of investigation in this case.[5]

[4] Par. 8, Id.; Docket, p. 305.
[5] Minutes of the hearing held on January 16, 2008; Docket, p. 94.

On February 7, 2008, respondent filed his *Memorandum*, while petitioner filed its *Memorandum* on March 14, 2008. On March 26, 2008, this case was deemed submitted for decision.[6]

THE ISSUES

As jointly stipulated by the parties' counsel, these are the issues for this Court's resolution:

> "1. Whether or not Petitioner is entitled to a tax credit certificate in the amount of P278,669,281.17 representing unutilized input taxes paid or incurred on its purchases of capital goods for the period January 1, 2003 to December 31, 2003;
>
> 2. Whether or not the unutilized input taxes amounting to P278,669,281.17 paid or incurred by Petitioner for the period January 1, 2003 to December 31, 2003 were related to payments to its contractors for the construction of the hydroelectric power plants in Laguna, as well as all related expenditures in pursuance of the rehabilitation, construction and operation of the power plant complex;
>
> 3. Whether or not Petitioner is entitled to a tax credit certificate in the amount of P17,325,236.83 representing unutilized input taxes paid or incurred on its local purchase of goods and services, other than capital goods, attributable to Petitioner's zero-rated sales to the National Power Corporation (NPC) for the period January 1, 2003 to December 31, 2003;
>
> 4. Whether or not Petitioner's unutilized input taxes amounting to P17,325,236.83 representing unutilized input taxes paid or incurred on its local purchases of goods and services, other than capital goods, for the period January 1, 2003 to December 31, 2003, were attributable to Petitioner's zero-rated sales for the period January 1, 2003 to December 31, 2003;
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> 5. Whether or not Petitioner has duly substantiated its claim for the issuance of a tax credit certificate for unutilized input taxes amounting to P278,669,281.17 paid or incurred on its purchases of capital goods for the period January 1, 2003 to December 31, 2003 and for its unutilized input taxes amounting to P17,325,236.83 representing unutilized input

[6] Resolution dated March 26, 2008; Docket, p. 1045.

taxes paid or incurred on its local purchases of goods and services, other than capital goods, attributable to its zero-rated sales for the period January 1, 2003 to December 31, 2003;

6. Whether or not the unutilized input taxes amounting to P278,669,281.17 paid or incurred by Petitioner on its purchases of capital goods for the period January 1, 2003 to December 31, 2003 and the unutilized input taxes amounting to P17,325,236.83 representing unutilized input taxes paid or incurred by Petitioner on its local purchases of goods and services, other than capital goods, for the period January 1, 2003 to December 31, 2003 have not been carried over to the succeeding quarters and have not been utilized against any output tax;

7. If any portion of Petitioner's unutilized input taxes paid or incurred on its purchases of capital goods amounting to P278,669,281.17 for the period January 1, 2003 to December 31, 2003, is disallowed for not falling under the category of 'capital goods' under Section 112(B) of the Tax Code, whether or not Petitioner is entitled to claim the same as a tax credit under Section 112(A) of the Tax Code, as unutilized/excess input taxes paid or incurred on its local purchases of goods and services for the period January 1, 2003 to December 31, 2003 attributable to its zero-rated sales for the same period;

8. Whether or not Petitioner had timely and duly filed its administrative claims for refund or issuance of tax credit certificates amounting to P278,669,281.17 representing unutilized input taxes paid or incurred on its purchases of capital goods for the period January 1, 2003 to December 31, 2003; and for P17,325,236.83 representing unutilized input taxes paid or incurred on its local purchase of goods and services, other than capital goods, attributable to Petitioner's zero-rated sales to the National Power Corporation (NPC) for the period January 1, 2003 to December 31, 2003, respectively; and

9. Whether or not Petitioner is entitled to a tax credit certificate in the total amount of Two Hundred Ninety Five Million Nine Hundred Ninety Four Thousand Five Hundred Eighteen Pesos (P295,994,518.00) representing unutilized input taxes for the period January 1, 2003 to December 31, 2003."[7]

[7] Issues to be Tried or Resolved, JSFI; Docket, pp. 306-307.

The foregoing issues can be summarized as follows: whether or not petitioner is entitled to the issuance of a tax credit in its favor in the amount of Two Hundred Ninety Five Million Nine Hundred Ninety Four Thousand Five Hundred Eighteen Pesos (P295,994,518.00), representing unutilized input taxes on its domestic purchases of capital goods and services for the period from January 1, 2003 to December 31, 2003. Thus, We shall discuss all the foregoing stipulated issues jointly.

THE COURT'S RULING

At the outset, it bears stressing that based on the records of this case, petitioner filed with the BIR its Quarterly VAT Returns declaring zero-rated sales in the amount of P3,560,865,265.70 and input VAT of P243,043,717.78 on domestic purchases of capital goods and other goods and services for the four quarters of calendar year 2003, detailed as follows:

Exhibit	Taxable Quarter	Date of Original Filing	Zero-rated Sales	Input VAT
I	1st Quarter	4/24/2003	P 846,754,206.25	P 89,337,364.16
L	2nd Quarter	7/25/2003	824,090,126.80	39,124,833.77
N	3rd Quarter	10/24/2003	874,449,852.69	109,637,087.89
P	4th Quarter	1/26/2004	1,015,571,079.96	49,444,319.56
	Total		**P 3,560,865,265.70**	**P 287,543,605.38**

The VAT Return for the first quarter was amended on June 10, 2003,[8] and was further amended on March 23, 2005 along with the remaining VAT Returns, showing the following:

Exhibit	Taxable Quarter	Date of Filing	Zero-rated Sales	Input VAT
K	1st Quarter	3/23/2005	P 846,754,206.25	P 113,795,651.09
M	2nd Quarter	3/23/2005	824,090,126.80	23,823,726.33
O	3rd Quarter	3/23/2005	874,449,852.69	109,637,087.89
Q	4th Quarter	3/23/2005	1,015,571,079.96	49,268,644.26
	Total		**P 3,560,865,265.70**	**P 296,525,109.57**

[8] Exhibit "J".

Out of the reported input VAT of P296,525,109.57, only the amount of P295,994,518.00 is the subject of the present claim which allegedly consisted of the following:

	Input VAT	
Domestic purchases-Capital Goods	P	278,669,281.17
Domestic purchases-Other Goods/Services		17,325,236.83
TOTAL	**P**	**295,994,518.00**

Now proceeding with the discussion on the merits of this case, petitioner anchors its claim on Sections 110(B) and 112(A) and (B) of the NIRC of 1997, quoted hereunder for ready reference:

> "**SEC. 110. Tax Credits. -**
>
> **(A) Creditable Input Tax. -**
>
> (1) Any input tax evidenced by a VAT invoice or official receipt issued in accordance with Section 113 hereof on the following transactions shall be creditable against the output tax:
>
> xxx xxx xxx
>
> **(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 quarter or 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 112."
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> "**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-

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> 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 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 volume of sales.
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> **(B) Capital Goods.** — A VAT-registered person may apply for the issuance of a tax credit certificate or refund of input taxes paid on capital goods imported or locally purchased, to the extent that such input taxes have not been applied against output taxes. The application may be made only within two (2) years after the close of the taxable quarter when the importation or purchase was made."

Petitioner avers that if ever any portion of its tax credit claim for unutilized input taxes on the purchase of capital goods for calendar year 2003 amounting to P278,669,281.17 is disallowed for not falling under the category of "capital goods" under Section 112(B) of the NIRC of 1997, petitioner is entitled to claim the same as a tax credit/refund under Section 112(A) of the NIRC of 1997 because these unutilized input taxes of P278,669,281.17 were also attributable to petitioner's effectively zero-rated sales to the NPC for calendar year 2003.[9] In this regard, the Court deems it appropriate to first discuss petitioner's claimed input taxes on domestic purchases of capital goods in the amount of P278,669,281.17.

Under Section 112(B) of the NIRC of 1997, in order to be entitled to a refund or tax credit of input tax on domestic purchases of capital goods, petitioner must prove the following:

1. that it is a VAT-registered entity;

[9] Par. 37, Petitioner's Memorandum; Docket, p. 991.

2. that input taxes were paid on capital goods imported or locally purchased;
3. that such input taxes were not applied against any output VAT liability; and
4. that the claim for refund was filed within the two-year prescriptive period.

It is an admitted fact that petitioner is a VAT-registered entity.[10] And in order to prove that it incurred input taxes in the amount of P278,669,281.17 on capital goods purchased, petitioner submitted a schedule of capital goods[11] and suppliers' official receipts,[12] which were examined by the Court-commissioned Independent CPA, *Uy Singson Abella & Co*, through its partner, Ms. Milagros F. Padernal.

Based on the Report[13] of Ms. Padernal, petitioner's claim for refund of input taxes on purchases of capital goods in the aggregate amount of P278,669,281.17 is broken down as follows:

Quarter	Input Tax
First	P 109,227,373.86
Second	20,798,387.69
Third	104,974,132.54
Fourth	43,669,387.08
TOTAL	**P 278,669,281.17**

The foregoing allegedly represents payments to the following local contractors for the construction of hydroelectric power plants in Laguna (Caliraya, Botocan, Kalayaan I and Kalayaan II):

1. IMPSA Construction Corporation – for the design, engineering, procurement, supply of all plants and materials, rehabilitation, commissioning, testing, completion and handover of the power

[10] Par. 5, Facts Admitted, JSFI; Docket, p. 304.
[11] Exhibit "JJJJJJ".
[12] Exhibits "CCCCCC-1" to "CCCCCC-58".
[13] Exhibit "N6", Summary of Findings, par. 10.

plants, together with the civil structures, access roads and other works;[14]

2. EME Philippine Services Corporation – for the administration and oversight of the engineering, procurement, rehabilitation, construction, commissioning, testing and completion and start up of the power plants; and[15]

3. Asian Insights, Inc. – for the review of all land acquisition documents of NPC covering the entire lots comprising the site of such power plants and other related services.[16]

According to Ms. Padernal, during the construction period, all billings received from these contractors were booked as "Construction in Progress (CIP)", consisting of the following accounts in the general ledger: (a) Construction Work in Progress, which was used for billings from IMPSA Construction Corporation; and (b) Project Cost, which was used for billings from other contractors. CIP was reflected under Property, Plant and Equipment in the financial statements. Once a particular power plant unit was completed, the accumulated amount reflected in the related CIP was transferred to the Power Plants account under Property, Plant and Equipment and depreciated over a period of 25 years.[17]

Petitioner submitted a schedule showing how the purchases of capital goods were recorded in the general ledger.[18] And this was explained by Mr. Joey L. Polintan, petitioner's Accounting Manager, in the following manner:

> "14. The payments to Petitioner's contractors and/or billings by its contractors and/or suppliers of capital goods were reflected under the Property, Plant and Equipment (PPE) of P22,727,867,516 in the Statement of Assets, Liabilities and Partners' Capital as of December 31, 2003 xxx of the Audited

[14] Exhibit "E".
[15] Exhibit "F".
[16] Exhibit "G".
[17] Exhibit "N[6]", Summary of Findings, par. 13.
[18] Exhibits "JJJJJJ" to "JJJJJJ-51".

Financial Statements for the Period Ending December 31, 2003, previously marked as Exhibit 'MM', and in Note 5 to the said Audited Financial Statements under the Power Plants of P23,277,889,825.

15. The said payments to Petitioner's contractors and/or suppliers of capital goods for the rehabilitation and construction of (Petitioner's) Power Plant in Laguna, excluding VAT, are initially recorded under the asset account Construction Work in Progress, more specifically under CWIP-Kalayaan I Unit 1, Kalayaan I Unit 2, Kalayaan II, Kalayaan II Unit 1, Kalayaan II Unit 2, Caliraya, Caliraya Unit 1, Caliraya Unit 2, Botocan, Botocan Unit 1, Botocan Unit 2, Botocan Unit 3, and Civil Structures. xxx"[19]

For easy reference, Note 5 to petitioner's audited financial statements for the period ending December 31, 2003[20] is shown below:

	2003	Net Additions/ (Transfers)	2002
Power plants	P 23,277,889,825	P 17,197,618,984	P 6,080,270,841
Transportation equipment	10,674,926	668,183	10,006,743
Computer equipment	7,660,876	1,784,554	5,876,322
Leasehold improvements	2,656,992	-	2,656,992
Furniture & fixtures	657,034	192,720	464,314
Power plant tools & equipment	456,383	224,983	231,400
	P 23,299,996,036	P 17,200,489,424	P 6,099,506,612
Accumulated Depreciation	572,128,520	380,481,500	191,647,020
	P 22,727,867,516	P 16,820,007,924	P 5,907,859,592
Construction in progress:			
Kalayaan	-	P (10,613,089,004)	P 10,613,089,004
Botocan	-	(1,941,364,225)	1,941,364,225
Civil works	-	(595,491,498)	595,491,498
	-	P (13,149,944,727)	P 13,149,944,727
	P 22,727,867,516	**P 3,670,063,197**	**P 19,057,804,319**

Mr. Polintan also stated that upon completion of each unit of the power plants, the CWIP accounts were closed and subsequently transferred to petitioner's PPE accounts. Thereafter, recognition of depreciation expenses commenced. The corresponding accumulated depreciation were recorded in

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[19] Exhibit "UUUUUU".
[20] Exhibit "MM", p. 6.

petitioner's general ledger under Accumulated Depreciation-Kalayaan I Unit 1, Kalayaan I Unit 2, Kalayaan II, Caliraya Unit 1, Caliraya Unit 2, Botocan, and Civil Structures.[21]

A scrutiny of the documents presented revealed that petitioner's total payments to and/or billings by its contractors and/or suppliers of capital goods for the rehabilitation and construction of its power plants in the year 2003 amounted to P2,786,692,811.84. The foregoing payments to contractors were verified to have been properly recorded as assets in petitioner's general ledger. However, the Court could not ascertain whether such payments were indeed reported in the financial statements. Petitioner failed to provide a detailed schedule of each of its account under "Property, Plant and Equipment" so that the corresponding payments to and/or billings by its contractors and/or suppliers of capital goods could be accounted for and reconciled.

The Independent CPA likewise found that the claimed input tax on purchase of capital goods in the amount of P1,407,094.56[22] should be disallowed for petitioner's failure to present VAT official receipts as supporting documents. Hence, even if petitioner's remaining claimed input VAT on capital goods in the amount of P277,262,186.61[23] is duly substantiated with VAT official receipts, the same shall be denied because petitioner failed to prove that the related purchases formed part of the account under "Property, Plant and Equipment" as reflected in its audited financial statements for calendar year 2003.

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[21] Exhibits "PPPPPP" and "QQQQQQ".
[22] Exhibit "DDDDDD".
[23] Exhibit "N[6]", Summary of Findings, par. 12.

Nevertheless, as correctly pointed out by petitioner, petitioner may still claim the substantiated input taxes on purchases of capital goods under Section 112(A) of the NIRC of 1997, since the said input taxes are also attributable to petitioner's zero-rated sales for calendar year 2003. The Court shall now determine whether petitioner complied with the requisites under Section 112(A) of the NIRC of 1997, in order to be entitled to a refund or tax credit of input VAT payments attributable to its zero-rated sales, to wit:

1) there must be zero-rated or effectively zero-rated sales;
2) that input taxes were incurred or paid;
3) that such input VAT payments are directly attributable to zero-rated sales or effectively zero-rated sales;
4) that the input VAT payments were not applied against any output VAT liability; and
5) that the claim for refund was filed within the two-year prescriptive period.

Anent the first requisite, there is no argument that the sale of electricity by a VAT registered taxpayer, like herein petitioner, to the NPC is subject to zero percent (0%) VAT pursuant to Section 108(B)(3) of the NIRC of 1997. This issue has been well-settled in the case of ***Maceda vs. Macaraig, G.R. No. 88291, May 31, 1991***, where the Supreme Court held that:

> "The NPC is a non-profit public corporation created for the general good and welfare, wholly owned by the government of the Republic of the Philippines. From the very beginning of its corporate existence, the NPC enjoyed preferential tax treatment, 'to enable the Corporation to pay the indebtedness and obligation and in furtherance and effective implementation of the policy enunciated in Section one of Republic Act No. 6395' xxx
>
> xxx xxx xxx
>
> Presidential Decree No. 938 amended the tax exemption by simplifying the same law in general terms. It succinctly exempts NPC from '<u>all forms of taxes</u>, duties, fees, imposts, as well as

> costs and service fees including filing fees, appeal bonds, supersedeas bonds, in any court or administrative proceedings'.
>
> The use of the phrase 'all forms' of taxes demonstrate the intention of the law to give NPC all the tax exemptions it has been enjoying before. The rationale for this exemption is that being non-profit the NPC 'shall devote all its returns from its capital investment as well as excess revenues of its operation, for expansion. xxx'
>
> xxx xxx xxx
>
> It is evident from the provisions of P.D. No. 938 that its purpose is to maintain the tax exemption of NPC from <u>all forms of taxes</u> <u>including indirect taxes</u> as provided for under R.A. No. 6395 and P.D. No. 380 if it is to attain its goals." *(Underscoring supplied)*

Moreover, in the same case, NPC's tax exemption was affirmed and further explained as follows:

> "A chronological review of the NPC laws will show that it has been the lawmaker's intention that the NPC was to be completely tax-exempt from all forms of taxes — direct or indirect.
>
> xxx xxx xxx
>
> One common theme in all these laws is that the NPC must be enabled to pay its indebtedness which, as of P.D. No. 938 was P12 Billion in total domestic indebtedness, at any one time, and US$4 Billion in total foreign loans at any one time. The NPC must be and has to be exempt from all forms of taxes if this goal is to be achieved."[24]

As a matter of fact, the Secretary of Finance, in his Memorandum to the CIR dated January 26, 1998, upheld NPC's exemption from both direct and indirect taxes, and said that purchases by NPC of electricity from independent power producers are subject to VAT at zero-rate.

From the foregoing jurisprudence, the Court has consistently ruled that the NPC is an entity with a special charter, which categorically makes it

[24] Resolution dated June 8, 1993, G.R. No. 88291 (223 SCRA 217).

exempt from payment of all taxes, whether direct or indirect, including VAT. Hence, by virtue of the said charter, services rendered by a VAT-registered entity, like herein petitioner, to NPC are effectively subject to zero percent (0%) VAT.

Moreover, the BIR itself approved petitioner's application for zero-rating on January 29, 2003.[25]

It was also established that petitioner entered into a Second Accession Undertaking with the NPC and its affiliates, Industrias Metalurgicas Pescarmona S.A. (IMPSA) and CBK Power Corporation (CBK Power) on September 20, 2000,[26] wherein petitioner became a party to a Build-Rehabilitate-Operate-Transfer (BROT) Agreement dated November 6, 1998 to rehabilitate, construct, operate, and maintain the Caliraya, Botocan, and Kalayaan hydroelectric power plants in the Province of Laguna.[27] Under the BROT Agreement, petitioner shall generate and supply electricity to NPC and shall receive fees in consideration thereof.[28]

Likewise, in its Amended VAT Returns for the four quarters of calendar year 2003, petitioner's reported zero-rated sales/receipts amounted to P3,560,865,265.70.[29] In order to support this, petitioner presented a Schedule of Zero-rated Sales and Collections for calendar year 2003[30] with the corresponding invoices,[31] bank credit advices,[32] and official receipts.[33] A

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[25] Exhibits "JJ" and "KK"; par. 10; Facts Admitted, JSFI; Docket, p. 305.
[26] Exhibit "D".
[27] Exhibit "C".
[28] Exhibit "C-6".
[29] Exhibits "K", "M", "O", and "Q".
[30] Exhibit "BBBBBB".
[31] Exhibits "BBBBBB-1" to "BBBBBB-160".
[32] Exhibits "BBBBBB-1a" to "BBBBBB-10a".
[33] Exhibits "BBBBBB-1b" to "BBBBBB-114b".

scrutiny of the foregoing documents shows that the official receipts issued by petitioner to NPC amounting to P115,561,550.82 do not bear the word "zero-rated" [34] in violation of the substantiation requirements under Section 4.108-1 of Revenue Regulations No. 7-95 in relation to Sections 113 and 237 of the NIRC of 1997, quoted hereunder as follows:

> "**SECTION 4.108-1.** ***Invoicing Requirements*** – All VAT registered persons shall, for every sale or lease of goods or properties or services, issue duly registered receipts or sales or commercial invoices which must show:
>
> 1. the name, TIN and address of seller;
> 2. date of transaction;
> 3. quantity, unit cost and description of merchandise or nature of service;
> 4. the name, TIN, business style, if any, and address of the VAT-registered purchaser, customer or client;
> 5. the word 'zero-rated' imprinted on the invoice covering zero-rated sales; and
> 6. the invoice value or consideration.
>
> xxx xxx xxx
>
> Only VAT-registered persons are required to print their TIN followed by the word 'VAT' in their invoice or receipts and this shall be considered as a 'VAT Invoice'. All purchases covered by invoices other than 'VAT Invoice' shall not give rise to any input tax.
>
> If the taxable person is engaged in exempt operations, he should issue separate invoices or receipts for the taxable and exempt operations. A 'VAT Invoice' shall be issued only for sales of goods, properties or services subject to VAT imposed in Section 100 and 102 of the Code."

> "**SEC. 113.** ***Invoicing and Accounting Requirements for VAT-Registered Persons.***—
>
> (A) *Invoicing Requirements.* — A VAT-registered person shall, for every sale, issue an invoice or receipt. In addition to the information required under Section 237, the following information shall be indicated in the invoice or receipt:

[34] See details per Annex "A-1".

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(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."

"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. xxx"

Hence, said amount shall be disallowed.

Only the reported zero-rated receipts in the amount P2,651,928,988.85 is duly substantiated with VAT zero-rated official receipts.[35] Therefore, only a portion of the input VAT claim attributable to the substantiated zero-rated receipts will be considered for refund. The rate to be applied is computed as follows:

Supported zero-rated receipts	P 2,651,928,988.85
Divided by total declared zero-rated receipts	÷ P 3,560,865,265.70
Rate of supported zero-rated receipts	74.47%

Regarding the second requisite, petitioner submitted invoices and official receipts to support its purchases of goods other than capital goods and services for calendar year 2003, with corresponding input VAT in the aggregate amount of P17,325,236.83. Upon verification of the said documents, the Court-commissioned Independent CPA noted the following exceptions:[36]

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[35] See details per Annex "A-2".
[36] Exhibit "N6", Summary of Findings, par. 18.

Findings	Exhibit	Amount
Purchase of services		
VAT ORs not dated within the period of claim	EEEEEE-246 and EEEEEE-915 to 927	P 68,492.06
VAT ORs issued not in the name of Petitioner	FFFFFF	36,249.87
No VAT ORs were presented	GGGGGG	1,310,614.00
Purchase of goods		
No VAT invoices were presented	IIIIII	196,083.80
TOTAL		P 1,611,439.73

Further evaluation of petitioner's suppliers' official receipts and invoices revealed that the following additional input taxes in the amount of P2,928,631.58 should be disallowed for the following reasons:[37]

Purchase of Services	
1.) Supported by ORs issued not in the name of Petitioner	P 2,037,868.38
2.) Supported by OR with TAN, not registered with the BIR or with no indicated date	183,471.03
3.) Supported by documents other than ORs	85,191.30
Purchase of Goods	
4.) Supported by invoices issued not in the name of Petitioner	46,570.63
5.) Supported by invoices with TIN-V instead of TIN-VAT	68,377.49
6.) Supported by invoices with stamped VAT registration only	61,865.76
7.) Supported by non-VAT invoices or BIR unregistered invoices	385,558.21
8.) Purchase of services included in the schedule and no official receipts were presented	59,728.78
TOTAL	P 2,928,631.58

Accordingly, petitioner's claim should be reduced by P5,947,165.87, detailed as follows:

Disallowances per CPA report		
Purchase of capital goods:		
No VAT ORs were presented	P 1,407,094.56	
Purchase of services:		
ORs not dated within the period of claim	68,492.06	
ORs issued not in the name of Petitioner	36,249.87	
No VAT ORs were presented	1,310,614.00	
Purchase of goods other than capital goods:		
No VAT invoices were presented	196,083.80	P 3,018,534.29
Add'l Disallowances per this Court's verification		
Purchase of Services:		
Supported by ORs issued not in the name of Petitioner	P 2,037,868.38	
Supported by OR with TAN, not registered with the		

[37] See details per Annex "B".

BIR, or with no indicated date	183,471.03	
Supported by documents other than ORs	85,191.30	
Purchase of Goods:		
Supported by invoices issued not in the name of Petitioner	46,570.63	
Supported by invoices with TIN-V instead of TIN-VAT	68,377.49	
Supported by invoices with stamped VAT registration only	61,865.76	
Supported by non-VAT invoices or BIR unregistered invoices	385,558.21	
Purchase of services included in the schedule and no official receipts were presented	59,728.78	2,928,631.58
TOTAL		P 5,947,165.87

As regards the third and fourth requisites, the Court finds that **all** of petitioner's input taxes are attributable to its zero-rated sales. All of petitioner's sales were zero-rated,[38] and there was no output VAT thereon; thus, the input taxes were not applied against any output VAT liability. The said unutilized input VAT was not carried over to the succeeding taxable quarters, as evidenced by its VAT Returns for the four quarters of calendar year 2004.[39]

Finally, with respect to the fifth requisite, petitioner filed its administrative claim for refund with the BIR on March 29, 2005[40] and this *Petition for Review* on April 18, 2005. Both dates of filing are within the two-year period from the respective dates when petitioner filed its Original First, Second, Third, and Fourth Quarterly VAT Returns on April 24, 2003, July 25, 2003, October 24, 2003, and January 26, 2004, respectively.[41]

In sum, petitioner has sufficiently proven its entitlement to the issuance of a tax credit certificate, representing unutilized excess input VAT on local purchases of goods and services attributable to zero-rated sales for the period

[38] Exhibits "K", "M", "O", "Q", and "LL".
[39] Exhibits "CCC", "DDD", "OOO", "PPP", "QQQ", "RRR", "SSS", and "TTT".
[40] Exhibit "A".
[41] Exhibits "I-10", "L-10", "N-10", and "P-10".

covering January 1, 2003 to December 31, 2003, but in the reduced amount of P215,998,263.13, computed as follows:

Amount of Input VAT Claim	P 295,994,518.00
Less: Disallowances	5,947,165.87
Validly supported Input VAT	P 290,047,352.13
Rate of supported zero-rated sales	74.47%
Valid input VAT attributable to zero-rated sales	**P 215,998,263.13**

WHEREFORE, premises considered, the instant Petition for Review is **PARTIALLY GRANTED**. Accordingly, respondent is hereby **ORDERED to ISSUE A TAX CREDIT CERTIFICATE** in favor of petitioner in the reduced amount of **TWO HUNDRED FIFTEEN MILLION NINE HUNDRED NINETY EIGHT THOUSAND TWO HUNDRED SIXTY THREE PESOS and 13/100 (P215,998,263.13)**, representing unutilized input value-added tax on local purchases of goods and services attributable to zero-rated sales for the period covering January 1, 2003 to December 31, 2003.

SO ORDERED.

ERLINDA P. UY
Associate Justice

WE CONCUR:

JUANITO C. CASTAÑEDA, JR.
Associate Justice

OLGA PALANCA-ENRIQUEZ
Associate Justice

ATTESTATION

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

JUANITO C. CASTAÑEDA, JR.
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.

ERNESTO D. ACOSTA
Presiding Justice

CBK Power Company Ltd. vs CIR
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OFFICIAL RECEIPTS THAT DO NOT BEAR THE WORD "ZERO-RATED"

Exhibit	OR Number	OR Date		Amount
BBBBBB-54b	349	6/3/2003	P	632,676.73
BBBBBB-56b	339	6/2/2003		632,676.73
BBBBBB-57b	348	6/2/2003		9,878,638.37
BBBBBB-59b	346	6/2/2003		9,864,333.76
BBBBBB-60b	340	6/2/2003		640,346.72
BBBBBB-61b	342	6/2/2003		640,876.59
BBBBBB-62b	343	6/2/2003		640,876.59
BBBBBB-64b	344	6/2/2003		9,473,195.09
BBBBBB-65b	345	6/2/2003		9,528,076.81
BBBBBB-66b	336	6/2/2003		9,391,345.83
BBBBBB-67b	338	6/2/2003		9,391,345.83
BBBBBB-68b	337	6/2/2003		631,379.81
BBBBBB-69b	335	6/2/2003		631,679.81
BBBBBB-70b	353	6/25/2003		10,069,326.10
BBBBBB-71b	355	6/25/2003		1,076,870.41
BBBBBB-72b	354	6/25/2003		1,078,089.68
BBBBBB-73b	359	7/25/2003		9,635,095.77
BBBBBB-74b	360	7/25/2003		9,635,095.77
BBBBBB-75b	357	7/25/2003		648,074.89
BBBBBB-76b	358	7/25/2003		648,074.89
BBBBBB-80b	365	8/27/2003		9,741,505.13
BBBBBB-81b	362	8/27/2003		9,741,505.13
BBBBBB-82b	363	8/27/2003		655,232.19
BBBBBB-83b	364	8/27/2003		655,232.19
	TOTAL		**P**	**115,561,550.82**

SUBSTANTIATED ZERO-RATED SALES

Exhibit	OR Number	OR Date	Amount US Dollars	Amount Ph Peso
BBBBBB-1b	43	2/27/2003	$ 2,160,410.63	P 116,227,931.48
BBBBBB-2b	44	2/27/2003	2,153,775.89	115,870,989.11
BBBBBB-3b	50	6/3/2003	1,073,048.00	57,728,909.36
BBBBBB-4b	54	6/11/2003	1,034,818.96	55,672,225.18
BBBBBB-5b	53	6/3/2003	12,090,830.96	657,076,208.53
BBBBBB-6b	107	10/16/2003	10,240.35	556,511.82
BBBBBB-7b	55	6/11/2003	804,558.39	43,723,725.72
BBBBBB-8b	108	10/16/2003	12,509.70	669,669.26
BBBBBB-9b	56	6/25/2003	2,171,823.16	115,719,081.61
BBBBBB-10b	57	6/25/2003	2,130,158.28	113,498,827.06
BBBBBB-11b	58	6/25/2003	227,810.58	12,138,203.32
BBBBBB-12b	59	6/25/2003	228,068.52	12,151,946.88
BBBBBB-13b	60	7/25/2003	1,994,160.00	107,098,356.96
BBBBBB-14b	61	7/25/2003	1,994,160.00	107,098,356.96
BBBBBB-15b	62	7/25/2003	134,131.00	7,203,639.49
BBBBBB-16b	63	7/25/2003	134,131.00	7,203,639.49
BBBBBB-17b	68	9/10/2003	17,474.62	938,491.94
BBBBBB-18b	69	9/10/2003	17,373.72	933,073.00
BBBBBB-19b	70	9/10/2003	124.24	6,672.43
BBBBBB-20b	74	9/22/2003	104,847.71	5,734,016.41
BBBBBB-21b	75	9/22/2003	104,242.34	5,700,909.33
BBBBBB-22b	76	9/22/2003	1,863.59	101,917.87
BBBBBB-23b	84	9/25/2003	1,994,160.00	110,161,386.72
BBBBBB-24b	85	9/25/2003	1,994,160.00	110,161,386.72
BBBBBB-25b	86	9/25/2003	134,131.00	7,409,664.70
BBBBBB-26b	87	9/25/2003	134,131.00	7,409,664.70
BBBBBB-27b	88	9/25/2003	104,847.71	5,791,997.19
BBBBBB-28b	89	9/25/2003	104,242.34	5,758,555.34
BBBBBB-29b	90	9/25/2003	1,863.59	102,948.43
BBBBBB-30b	100	10/28/2003	1,994,160.00	109,766,543.04
BBBBBB-31b	101	10/28/2003	1,994,160.00	109,766,543.04
BBBBBB-32b	102	10/28/2003	134,131.00	7,383,106.76
BBBBBB-33b	103	10/28/2003	134,131.00	7,383,106.76
BBBBBB-34b	104	10/28/2003	104,847.71	5,771,237.35
BBBBBB-35b	105	10/28/2003	104,242.34	5,737,915.36
BBBBBB-36b	106	10/28/2003	1,863.59	102,579.45
BBBBBB-37b	116	11/28/2003	1,994,160.00	110,360,802.72
BBBBBB-38b	122	12/1/2003	1,994,160.00	110,360,802.72
BBBBBB-39b	117	11/28/2003	134,131.00	7,423,077.80
BBBBBB-40b	118	11/28/2003	134,131.00	7,423,077.80
BBBBBB-41b	119	11/28/2003	104,847.71	5,802,481.97
BBBBBB-42b	120	11/28/2003	104,242.34	5,768,979.58
BBBBBB-43b	121	11/28/2003	1,863.59	103,134.80
BBBBBB-44b	130	12/29/2003	1,994,160.00	110,973,009.84
BBBBBB-45b	131	12/29/2003	1,994,160.00	110,973,009.84
BBBBBB-46b	132	12/29/2003	134,131.00	7,464,256.02

Exhibit	OR Number	OR Date	Amount US Dollars	Amount Ph Peso
BBBBBB-47b	133	12/29/2003	134,131.00	7,464,256.02
BBBBBB-48b	134	12/29/2003	104,847.71	5,834,670.21
BBBBBB-49b	135	12/29/2003	104,242.34	5,800,981.98
BBBBBB-50b	136	12/29/2003	1,863.59	103,706.92
BBBBBB-51b	52	6/6/2003		4,884,705.45
BBBBBB-52b	41	2/27/2003		10,190,347.68
BBBBBB-53b	42	2/27/2003		10,155,052.58
BBBBBB-55b	51	6/6/2003		3,775,136.99
BBBBBB-58b	91	10/20/2003		48,887.82
BBBBBB-63b	92	10/20/2003		59,771.23
BBBBBB-77b	65	9/10/2003		84,431.34
BBBBBB-78b	66	9/10/2003		83,943.85
BBBBBB-79b	67	9/10/2003		600.28
BBBBBB-84b	71	9/17/2003		512,182.83
BBBBBB-85b	72	9/17/2003		509,225.58
BBBBBB-86b	73	9/17/2003		9,103.67
BBBBBB-87b	83	9/25/2003		10,033,632.00
BBBBBB-88b	77	9/25/2003		10,033,632.00
BBBBBB-89b	78	9/25/2003		674,881.20
BBBBBB-90b	79	9/25/2003		674,881.20
BBBBBB-91b	80	9/25/2003		527,542.09
BBBBBB-92b	82	9/25/2003		524,496.17
BBBBBB-93b	81	9/25/2003		9,376.67
BBBBBB-94b	98	10/27/2003		9,988,629.68
BBBBBB-95b	99	10/27/2003		9,988,629.68
BBBBBB-96b	96	10/27/2003		671,854.26
BBBBBB-97b	97	10/27/2003		671,854.26
BBBBBB-98b	93	10/27/2003		525,175.99
BBBBBB-99b	94	10/27/2003		522,143.73
BBBBBB-100b	95	10/27/2003		9,334.61
BBBBBB-101b	109	11/17/2003		10,051,795.05
BBBBBB-102b	110	11/27/2003		10,051,795.05
BBBBBB-103b	115	11/27/2003		676,102.88
BBBBBB-104b	114	11/27/2003		676,102.88
BBBBBB-105b	113	11/27/2003		528,497.06
BBBBBB-106b	112	11/27/2003		525,445.62
BBBBBB-107b	111	11/27/2003		9,393.64
BBBBBB-108b	123	12/30/2003		10,098,701.36
BBBBBB-109b	124	12/30/2003		10,098,701.36
BBBBBB-110b	128	12/30/2003		679,257.89
BBBBBB-111b	129	12/30/2003		679,257.89
BBBBBB-112b	125	12/30/2003		530,963.27
BBBBBB-113b	126	12/30/2003		527,897.59
BBBBBB-114b	127	12/30/2003		9,437.48
	TOTAL			**P 2,651,928,988.85**

CBK Power Company Ltd. vs CIR
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DISALLOWANCES PER COURT'S VERIFICATION

Exh.	OR/Invoice Date	Supplier		Input VAT
Purchase of Services				
1.) Supported by ORs issued not in the name of Petitioner				
EEEEEE-55	1/27/2003	PLDT	P	262.43
EEEEEE-69	2/10/2003	SMART Moves Consulting		25,000.00
EEEEEE-162	3/14/2003	Mondial Tours & Travel		14,429.82
EEEEEE-179	3/21/2003	Mondial Tours & Travel		32,406.14
EEEEEE-286	4/22/2003	High Grip Auto Center		575.91
EEEEEE-307	4/30/2003	Servicio Filipino, Inc.		24,395.45
EEEEEE-370	5/21/2003	Sycip, Salazar, Hernandez & Gatmaitan		263,921.97
EEEEEE-371	5/21/2003	Sycip, Salazar, Hernandez & Gatmaitan		917.09
EEEEEE-372	5/21/2003	Sycip, Salazar, Hernandez & Gatmaitan		3,676.00
EEEEEE-373	5/21/2003	Sycip, Salazar, Hernandez & Gatmaitan		270.50
EEEEEE-377	5/23/2003	Makati Shangri-La, Manila		4,330.27
EEEEEE-379	5/23/2003	Webpower Internet Service Provider		180.00
EEEEEE-380	5/23/2003	Webpower Internet Service Provider		130.00
EEEEEE-381	5/23/2003	Webpower Internet Service Provider		180.00
EEEEEE-382	5/23/2003	Webpower Internet Service Provider		130.00
EEEEEE-383	5/23/2003	Webpower Internet Service Provider		302.47
EEEEEE-384	5/23/2003	Webpower Internet Service Provider		180.00
EEEEEE-385	5/25/2003	Banahaw Telephone Corp.		65.48
EEEEEE-454	6/18/2003	Sycip, Salazar, Hernandez & Gatmaitan		596.35
EEEEEE-455	6/18/2003	Sycip, Salazar, Hernandez & Gatmaitan		95,811.12
EEEEEE-456	6/18/2003	Sycip, Salazar, Hernandez & Gatmaitan		119,409.73
EEEEEE-469	6/25/2003	Pagsanjan Rapids Hotel		2,656.23
EEEEEE-470	6/25/2003	Pagsanjan Rapids Hotel		419.50
EEEEEE-486	7/1/2003	Pacific Internet		5,346.50
EEEEEE-488	7/2/2003	Servicio Filipino, Inc.		32,527.27
EEEEEE-490	7/3/2003	Pagsanjan Rapids Hotel		33.48
EEEEEE-491	7/3/2003	Pagsanjan Rapids Hotel		3.60
EEEEEE-540	7/16/2003	Servicio Filipino, Inc.		17,962.92
EEEEEE-564	7/24/2003	Banahaw Telephone Corp.		65.48
EEEEEE-570	7/28/2003	Sycip, Salazar, Hernandez & Gatmaitan		79,147.75
EEEEEE-571	7/28/2003	Sycip, Salazar, Hernandez & Gatmaitan		25,706.38
EEEEEE-584	7/30/2003	Pacific Internet		5,346.50
EEEEEE-601	8/7/2003	Reign-Nan Sales Industry		12,890.00
EEEEEE-616	8/18/2003	Sycip, Salazar, Hernandez & Gatmaitan		4,569.35
EEEEEE-617	8/18/2003	Sycip, Salazar, Hernandez & Gatmaitan		31,035.99
EEEEEE-618	8/18/2003	Sycip, Salazar, Hernandez & Gatmaitan		326,424.17
EEEEEE-619	8/18/2003	Sycip, Salazar, Hernandez & Gatmaitan		6,762.12
EEEEEE-623	8/19/2003	Reign-Nan Sales Industry		6,561.22
EEEEEE-685	9/12/2003	Mapecon Philippines, Inc.		18,181.82
EEEEEE-686	9/12/2003	Mondial Tours & Travel		17,307.11
EEEEEE-741	9/30/2003	Mondial Tours & Travel		17,307.11
EEEEEE-742	9/30/2003	Pacific Internet		5,346.50
EEEEEE-745	9/30/2003	Sycip, Salazar, Hernandez & Gatmaitan		24,216.54
EEEEEE-746	9/30/2003	Sycip, Salazar, Hernandez & Gatmaitan		15,660.71
EEEEEE-747	9/30/2003	Sycip, Salazar, Hernandez & Gatmaitan		1,735.28
EEEEEE-748	9/30/2003	Sycip, Salazar, Hernandez & Gatmaitan		33,405.44

EEEEEE-758	10/2/2003	Pagsanjan Rapids Hotel		163.64
EEEEEE-766	10/20/2003	Pagsanjan Rapids Hotel		58.68
EEEEEE-774	10/10/2003	Manila Bulletin		1,798.40
EEEEEE-781	10/22/2003	Infinity Security & Investigation Services		60,908.38
EEEEEE-782	10/22/2003	Sycip, Salazar, Hernandez & Gatmaitan		189,635.63
EEEEEE-783	10/22/2003	Sycip, Salazar, Hernandez & Gatmaitan		3,081.12
EEEEEE-784	10/22/2003	Sycip, Salazar, Hernandez & Gatmaitan		10,989.75
EEEEEE-811	11/6/2003	Infinity Security & Investigation Services		66,568.23
EEEEEE-813	11/7/2003	Explorer Freight Corporation		4,873.12
EEEEEE-829	11/24/2003	Sycip, Salazar, Hernandez & Gatmaitan		9,134.99
EEEEEE-830	11/24/2003	Sycip, Salazar, Hernandez & Gatmaitan		39,957.67
EEEEEE-831	11/24/2003	Sycip, Salazar, Hernandez & Gatmaitan		482.68
EEEEEE-850	11/28/2003	Webpower Internet Service Provider		180.00
EEEEEE-851	11/28/2003	Webpower Internet Service Provider		180.00
EEEEEE-852	11/28/2003	Webpower Internet Service Provider		180.00
EEEEEE-853	11/28/2003	Webpower Internet Service Provider		214.10
EEEEEE-854	11/28/2003	Webpower Internet Service Provider		180.00
EEEEEE-855	11/28/2003	Webpower Internet Service Provider		180.00
EEEEEE-856	11/28/2003	Mondial Tours & Travel		5,288.44
EEEEEE-865	12/2/2003	Pacific Internet		5,346.50
EEEEEE-886	12/15/2003	Sycip, Salazar, Hernandez & Gatmaitan		277,035.96
EEEEEE-887	12/15/2003	Sycip, Salazar, Hernandez & Gatmaitan		964.69
EEEEEE-888	12/15/2003	Sycip, Salazar, Hernandez & Gatmaitan		6,011.04
EEEEEE-889	12/15/2003	Sycip, Salazar, Hernandez & Gatmaitan		13.76
EEEEEE-890	12/15/2003	Sycip, Salazar, Hernandez & Gatmaitan		6,003.33
EEEEEE-891	12/15/2003	Mondial Tours & Travel		6,505.06
EEEEEE-902	12/22/2003	Infinity Security & Investigation Services		22,784.12
EEEEEE-903	12/22/2003	Infinity Security & Investigation Services		9,812.87
EEEEEE-904	12/22/2003	Infinity Security & Investigation Services		21,323.40
EEEEEE-905	12/22/2003	Infinity Security & Investigation Services		10,223.12
		TOTAL	**P**	**2,037,868.38**

2.) Supported by ORs with TAN, unregistered OR (without BIR authority to print number) or undated OR

EEEEEE-67	2/5/2003	R. Samonte Enterprises	P	8,016.58
EEEEEE-137	3/4/2003	R. Samonte Enterprises		5,454.55
EEEEEE-229	3/31/2003	R. Samonte Enterprises		18,705.36
EEEEEE-301	4/28/2003	R. Samonte Enterprises		12,727.27
EEEEEE-244	4/16/2003	Rockwell Land Corp.		135,567.27
EEEEEE-648		Punongbayan & Araullo		3,000.00
		TOTAL	**P**	**183,471.03**

3.) Supported by other documents other than an OR

EEEEEE-48	1/27/2003	Globe Telecom	P	215.47
EEEEEE-49	1/27/2003	Globe Telecom		88.75
EEEEEE-50	1/27/2003	Globe Telecom		87.74
EEEEEE-51	1/27/2003	Globe Telecom		205.42
EEEEEE-52	1/27/2003	Globe Telecom		395.55
EEEEEE-53	1/27/2003	Globe Telecom		476.78
EEEEEE-54	1/27/2003	Globe Telecom		162.29
EEEEEE-96	2/17/2003	Globe Telecom		262.82

EEEEEE-97	2/17/2003	Globe Telecom	72.60
EEEEEE-104	2/20/2003	Globe Telecom	528.36
EEEEEE-105	2/20/2003	Globe Telecom	251.83
EEEEEE-106	2/20/2003	Globe Telecom	86.15
EEEEEE-107	2/20/2003	Globe Telecom	220.68
EEEEEE-108	2/20/2003	Globe Telecom	266.68
EEEEEE-125	2/28/2003	PLDT	2,813.00
EEEEEE-126	2/28/2003	PLDT	2,527.29
EEEEEE-127	2/28/2003	PLDT	136.52
EEEEEE-128	2/28/2003	PLDT	136.52
EEEEEE-129	2/28/2003	PLDT	136.52
EEEEEE-130	2/28/2003	PLDT	189.69
EEEEEE-150	3/11/2003	Globe Telecom	72.60
EEEEEE-165	3/20/2003	Globe Telecom	72.60
EEEEEE-166	3/20/2003	Globe Telecom	342.92
EEEEEE-167	3/20/2003	Globe Telecom	287.94
EEEEEE-168	3/20/2003	Globe Telecom	209.36
EEEEEE-182	3/24/2003	Globe Telecom	105.65
EEEEEE-183	3/24/2003	Globe Telecom	72.60
EEEEEE-184	3/24/2003	Globe Telecom	274.34
EEEEEE-185	3/24/2003	Globe Telecom	186.28
EEEEEE-186	3/24/2003	Globe Telecom	504.68
EEEEEE-187	3/24/2003	Globe Telecom	270.79
EEEEEE-188	3/24/2003	Globe Telecom	368.84
EEEEEE-223	3/31/2003	Globe Telecom	72.60
EEEEEE-224	3/31/2003	PLDT	135.27
EEEEEE-225	3/31/2003	PLDT	135.27
EEEEEE-226	3/31/2003	PLDT	135.27
EEEEEE-227	3/31/2003	PLDT	175.35
EEEEEE-228	3/31/2003	PLDT	1,899.94
EEEEEE-233	4/3/2003	Globe Telecom	121.00
EEEEEE-234	4/3/2003	Globe Telecom	346.86
EEEEEE-247	4/4/2003	Globe Telecom	83.71
EEEEEE-281	4/21/2003	Globe Telecom	72.60
EEEEEE-282	4/21/2003	Globe Telecom	226.16
EEEEEE-283	4/21/2003	Globe Telecom	169.00
EEEEEE-288	4/24/2003	Globe Telecom	143.70
EEEEEE-289	4/24/2003	Globe Telecom	131.56
EEEEEE-290	4/24/2003	Globe Telecom	239.19
EEEEEE-291	4/24/2003	Globe Telecom	233.09
EEEEEE-292	4/24/2003	Globe Telecom	154.00
EEEEEE-293	4/24/2003	Globe Telecom	72.60
EEEEEE-294	4/24/2003	Globe Telecom	91.22
EEEEEE-295	4/24/2003	Globe Telecom	64.96
EEEEEE-296	4/25/2003	PLDT	2,813.00
EEEEEE-308	5/5/2003	Globe Telecom	72.60
EEEEEE-309	5/5/2003	Globe Telecom	161.66
EEEEEE-310	5/5/2003	PLDT	2,386.76
EEEEEE-311	5/5/2003	PLDT	137.14
EEEEEE-312	5/5/2003	PLDT	176.61
EEEEEE-313	5/5/2003	PLDT	137.14

EEEEEE-314	5/5/2003	PLDT	137.14
EEEEEE-351	5/16/2003	Globe Telecom	177.87
EEEEEE-352	5/16/2003	Globe Telecom	193.06
EEEEEE-353	5/16/2003	Globe Telecom	187.96
EEEEEE-354	5/16/2003	Globe Telecom	72.60
EEEEEE-356	5/20/2003	Globe Telecom	161.20
EEEEEE-357	5/20/2003	Globe Telecom	216.35
EEEEEE-358	5/20/2003	Globe Telecom	230.94
EEEEEE-359	5/20/2003	Globe Telecom	135.55
EEEEEE-360	5/20/2003	Globe Telecom	199.00
EEEEEE-361	5/20/2003	Globe Telecom	77.69
EEEEEE-362	5/20/2003	Globe Telecom	81.79
EEEEEE-363	5/20/2003	Globe Telecom	160.29
EEEEEE-364	5/20/2003	Globe Telecom	74.10
EEEEEE-390	5/26/2003	PLDT	2,813.00
EEEEEE-407	6/3/2003	Globe Telecom	72.60
EEEEEE-408	6/3/2003	Globe Telecom	186.76
EEEEEE-409	6/3/2003	PLDT	1,973.60
EEEEEE-410	6/3/2003	PLDT	323.48
EEEEEE-411	6/3/2003	PLDT	134.11
EEEEEE-412	6/3/2003	PLDT	173.18
EEEEEE-413	6/3/2003	PLDT	134.11
EEEEEE-421	6/17/2003	Globe Telecom	362.49
EEEEEE-422	6/17/2003	Globe Telecom	72.60
EEEEEE-423	6/17/2003	Globe Telecom	239.55
EEEEEE-459	6/24/2003	Globe Telecom	173.95
EEEEEE-460	6/24/2003	PLDT	2,813.00
EEEEEE-461	6/24/2003	PLDT	2,522.12
EEEEEE-462	6/24/2003	PLDT	183.26
EEEEEE-463	6/24/2003	PLDT	130.02
EEEEEE-464	6/24/2003	PLDT	130.02
EEEEEE-465	6/24/2003	PLDT	130.02
EEEEEE-476	6/30/2003	Globe Telecom	261.21
EEEEEE-477	6/30/2003	Globe Telecom	213.95
EEEEEE-478	6/30/2003	Globe Telecom	325.58
EEEEEE-479	6/30/2003	Globe Telecom	280.96
EEEEEE-480	6/30/2003	Globe Telecom	137.57
EEEEEE-481	6/30/2003	Globe Telecom	291.12
EEEEEE-482	6/30/2003	Globe Telecom	80.87
EEEEEE-483	6/30/2003	Globe Telecom	72.60
EEEEEE-484	6/30/2003	Globe Telecom	198.90
EEEEEE-500	7/8/2003	Globe Telecom	218.37
EEEEEE-501	7/8/2003	Globe Telecom	72.60
EEEEEE-541	7/17/2003	Globe Telecom	265.79
EEEEEE-542	7/17/2003	Globe Telecom	223.51
EEEEEE-543	7/17/2003	Globe Telecom	123.44
EEEEEE-544	7/17/2003	Globe Telecom	72.60
EEEEEE-567	7/25/2003	PLDT	2,813.00
EEEEEE-572	7/29/2003	Globe Telecom	278.02
EEEEEE-573	7/29/2003	Globe Telecom	243.79
EEEEEE-574	7/29/2003	Globe Telecom	422.98

EEEEEE-575	7/29/2003	Globe Telecom	365.97
EEEEEE-576	7/29/2003	Globe Telecom	322.17
EEEEEE-577	7/29/2003	Globe Telecom	289.58
EEEEEE-578	7/29/2003	Globe Telecom	72.60
EEEEEE-579	7/29/2003	Globe Telecom	72.60
EEEEEE-580	7/29/2003	Globe Telecom	160.44
EEEEEE-587	8/4/2003	PLDT	132.73
EEEEEE-588	8/4/2003	PLDT	132.73
EEEEEE-589	8/4/2003	PLDT	132.73
EEEEEE-590	8/4/2003	PLDT	172.31
EEEEEE-591	8/4/2003	PLDT	2,394.45
EEEEEE-593	8/5/2003	Globe Telecom	90.20
EEEEEE-598	8/7/2003	Globe Telecom	72.60
EEEEEE-599	8/7/2003	Globe Telecom	118.92
EEEEEE-609	8/15/2003	Globe Telecom	215.75
EEEEEE-610	8/15/2003	Globe Telecom	183.38
EEEEEE-611	8/15/2003	Globe Telecom	72.60
EEEEEE-612	8/15/2003	Globe Telecom	247.52
EEEEEE-624	8/20/2003	Globe Telecom	100.81
EEEEEE-625	8/20/2003	Globe Telecom	330.88
EEEEEE-626	8/20/2003	Globe Telecom	276.84
EEEEEE-627	8/20/2003	Globe Telecom	233.48
EEEEEE-628	8/20/2003	Globe Telecom	649.74
EEEEEE-629	8/20/2003	Globe Telecom	277.03
EEEEEE-630	8/20/2003	Globe Telecom	91.84
EEEEEE-631	8/20/2003	Globe Telecom	93.61
EEEEEE-632	8/20/2003	Globe Telecom	154.97
EEEEEE-634	8/21/2003	Globe Telecom	125.25
EEEEEE-639	8/26/2003	PLDT	2,813.00
EEEEEE-660	9/3/2003	Globe Telecom	125.56
EEEEEE-663	9/5/2003	PLDT	136.09
EEEEEE-664	9/5/2003	PLDT	136.09
EEEEEE-665	9/5/2003	PLDT	136.09
EEEEEE-666	9/5/2003	PLDT	177.04
EEEEEE-667	9/5/2003	PLDT	2,161.36
EEEEEE-669	9/9/2003	Globe Telecom	72.60
EEEEEE-694	9/17/2003	Globe Telecom	248.38
EEEEEE-718	9/18/2003	Globe Telecom	109.14
EEEEEE-719	9/18/2003	Globe Telecom	152.75
EEEEEE-724	9/23/2003	Globe Telecom	60.47
EEEEEE-725	9/23/2003	Globe Telecom	72.60
EEEEEE-726	9/23/2003	Globe Telecom	123.05
EEEEEE-738	9/26/2003	PLDT	2,813.00
EEEEEE-760	10/3/2003	PLDT	2,402.37
EEEEEE-761	10/3/2003	PLDT	185.80
EEEEEE-762	10/3/2003	PLDT	137.11
EEEEEE-763	10/3/2003	PLDT	137.11
EEEEEE-764	10/3/2003	PLDT	137.11
EEEEEE-798	11/5/2003	Globe Telecom	223.13
EEEEEE-799	11/5/2003	Globe Telecom	183.92
EEEEEE-800	11/5/2003	Globe Telecom	109.30
EEEEEE-801	11/5/2003	PLDT	2,813.00

EEEEEE-802	11/5/2003	PLDT		138.99
EEEEEE-803	11/5/2003	PLDT		138.99
EEEEEE-804	11/5/2003	PLDT		207.24
EEEEEE-805	11/5/2003	PLDT		2,261.68
EEEEEE-806	11/5/2003	PLDT		138.99
EEEEEE-834	11/25/2003	Globe Telecom		172.54
EEEEEE-835	11/25/2003	PLDT		5,813.00
EEEEEE-862	12/2/2003	PLDT		138.79
EEEEEE-863	12/2/2003	PLDT		207.04
EEEEEE-864	12/2/2003	PLDT		2,384.47
EEEEEE-866	12/5/2003	Globe Telecom		269.46
EEEEEE-876	12/10/2003	Globe Telecom		41.83
EEEEEE-877	12/10/2003	Globe Telecom		215.07
EEEEEE-897	12/19/2003	Globe Telecom		151.70
EEEEEE-898	12/19/2003	PLDT		2,600.60
EEEEEE-899	12/19/2003	PLDT		2,813.00
EEEEEE-900	12/19/2003	PLDT		138.07
EEEEEE-901	12/19/2003	PLDT		222.25
		TOTAL	P	**85,191.30**

Purchase of Goods

4.) Supported by invoices issued not in the name of Petitioner

HHHHHH-7	1/7/2003	Earth Gold Mdse Const. Supply	P	640.91
HHHHHH-141	6/9/2003	Martin's Car Accessories		1,740.00
HHHHHH-229	7/31/2003	VMA Home Appliances Co.		445.45
HHHHHH-256	8/25/2003	Workstation Designers Center		17,288.64
HHHHHH-257	8/25/2003	Workstation Designers Center		4,637.45
HHHHHH-262	8/28/2003	Gencars-San Pablo, Inc.		21,818.18
		TOTAL	**P**	**46,570.63**

5.) Supported by invoices with TIN-V only

HHHHHH-137	6/2/2003	HMN Unlimited Company	P	16,734.45
HHHHHH-171	3/26/2003	HMN Unlimited Company		670.00
HHHHHH-254	8/25/2003	HMN Unlimited Company		377.09
HHHHHH-273	9/4/2003	HMN Unlimited Company		18,186.36
HHHHHH-276	9/8/2003	HMN Unlimited Company		337.82
HHHHHH-347	6/30/2003	HMN Unlimited Company		635.91
HHHHHH-421	12/5/2003	HMN Unlimited Company		785.46
HHHHHH-437	12/15/2003	HMN Unlimited Company		17,150.40
HHHHHH-461	8/15/2003	Arvir Aluminum & Glass		13,500.00
		TOTAL	**P**	**68,377.49**

6.) Supported by invoices with stamped VAT registration only

HHHHHH-64	2/12/2003	RVG Merchandising	P	6,363.64
HHHHHH-85	4/2/2003	RVG Merchandising		790.91
HHHHHH-248	8/18/2003	RVG Merchandising		263.64
HHHHHH-271	9/2/2003	RVG Merchandising		3,822.73
HHHHHH-272	9/2/2003	RVG Merchandising		8,150.00
HHHHHH-283	9/23/2003	RVG Merchandising		2,481.82
HHHHHH-323	6/18/2003	RVG Merchandising		2,636.36
HHHHHH-324	6/18/2003	RVG Merchandising		12,318.18
HHHHHH-339	6/23/2003	RVG Merchandising		743.02
HHHHHH-348	6/30/2003	RVG Merchandising		527.27
HHHHHH-354	10/8/2003	RVG Merchandising		3,454.55

HHHHHH-386	10/28/2003	RVG Merchandising		1,472.73
HHHHHH-398	11/10/2003	RVG Merchandising		2,727.27
HHHHHH-402	11/12/2003	RVG Merchandising		4,909.09
HHHHHH-412	11/24/2003	RVG Merchandising		2,181.82
HHHHHH-418	12/1/2003	RVG Merchandising		2,545.46
HHHHHH-504	9/24/2003	RVG Merchandising		6,477.27
		TOTAL	**P**	**61,865.76**

7.) Supported by non-VAT invoices or with no BIR authority to print number (not duly registered)

HHHHHH-207	7/14/2003	FFC Equipment Parts Supply, Inc.	P	10,040.45
HHHHHH-295	5/14/2003	FFC Equipment Parts Supply, Inc.		1,554.55
HHHHHH-345	6/26/2003	FFC Equipment Parts Supply, Inc.		57,832.73
HHHHHH-259	8/27/2003	SFM Sales Corporation		66,818.18
HHHHHH-261	8/28/2003	Business Profiles Inç.		88,346.76
HHHHHH-414	11/27/2003	Business Profiles Inc.		160,965.54
		TOTAL	**P**	**385,558.21**

8.) Purchase of services included in the schedule and no official receipts were presented

HHHHHH-33	1/23/2003	Reign-Nan Sales Industry	P	12,890.00
HHHHHH-230	8/1/2003	Rodler Engineering & Supplies		29,909.92
HHHHHH-277	9/9/2003	Poly-Core Elect. Cons. Corp.		16,928.86
		TOTAL	**P**	**59,728.78**

TOTAL DISALLOWANCE PER COURT'S VERIFICATION **P 2,928,631.58**