REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL THIRD DIVISION

TONIK DIGITAL BANK INC.,	**CTA Case No. 11095**
Petitioner,	Members:
-versus-	**REYES-FAJARDO**, Chairperson, and **ANGELES**, JJ.
COMMISSIONER OF INTERNAL REVENUE	Promulgated:
Respondent.	APR 30 2026 2:18 p.m.

x- x

DECISION

REYES-FAJARDO, *J.*:

THE CASE

The *Petition for Review* prays for the refund or issuance of a tax credit certificate (TCC) in the total amount of ₱13,862,084.69, representing the documentary stamp tax (DST) allegedly erroneously paid by petitioner on its Transactional Savings Accounts (TSA) and Stashes for the period from February 2021 to October 2021.[1]

THE PARTIES

Petitioner Tonik Digital Bank Inc. is a bank duly organized and existing under the laws of Republic of the Philippines,[2] with principal office address at Unit 605B, 6/F West Wing, The Estancia Offices, Brgy. Oranbo, Pasig City.[3]

---

1 Statement of the Case, Pre-Trial Order dated October 13, 2023, Docket, p. 240.

2 Exhibit "P-2," Docket, pp. 395 to 415; Exhibit "P-33-a," USB (Exhibit "P-38").

3 Exhibit "P-33-b," USB (Exhibit "P-38").

Respondent Commissioner of Internal Revenue (CIR) is the head of the Bureau of Internal Revenue (BIR), the government agency tasked to, among others, collect all national internal revenue taxes. He is vested with the power to decide disputed assessments, claims for refund of internal revenue taxes, fees or other charges, penalties imposed in relation thereto, and other matters arising under the NIRC of 1997, as amended, and other laws administered by the BIR.[4]

PROCEEDINGS AT THE ADMINISTRATIVE LEVEL

On various dates, petitioner filed and paid DST for the months of February 2021 to October 2021, using the *Monthly Documentary Stamp Tax Declaration/Return* (BIR Form No. 2000), to wit:

Exhibit No.	Return Period	Date of Filing	Date of Payment	Amount Paid
"P-5" and "P-5-A"[5]	Feb. 2021	Mar. 3, 2021	Mar. 5, 2021	₱ 158,152.25
"P-6" and "P-6-A"[6]	Mar. 2021	Apr. 5, 2021	Apr. 5, 2021	2,541,575.14
"P-7" and "P-7-A"[7]	Apr. 2021	May 4, 2021	May 5, 2021	3,714,648.10
"P-8" and "P-8-A"[8]	May 2021	June 7, 2021	June 7, 2021[9]	5,334,764.34
"P-9" and "P-9-A"[10]	June 2021	July 5, 2021	July 5, 2021	3,021,746.66
"P-10" and "P-10-A"[11]	July 2021	Aug. 4, 2021	Aug. 5, 2021	2,684,561.71
"P-11" and "P-11-A"[12]	Aug. 2021	Sept. 2, 2021	Sept. 3, 2021	2,523,190.56
"P-12" and "P-12-A"[13]	Sept. 2021	Oct. 5, 2021	Oct. 5, 2021	3,431,746.98
"P-13"[14] and "P-35-r"[15]	Oct. 2021	Nov. 4, 2021	Nov. 5, 2021	5,198,454.37
			Total	**₱28,608,840.11**

On January 17, 2023, petitioner filed with Revenue District Office No. 43 - Pasig City an administrative claim for refund through an *Application for Tax Credits/Refunds* (BIR Form No. 1914),[16] together with a letter-request for refund or issuance of a TCC,[17] and supporting documents,[18] covering DST allegedly erroneously paid on

4 Par. 1, Summary of Admitted and Stipulated Facts, *Joint Stipulation of Facts & Issues* (JSFI), Docket, p. 217.
5 Docket, pp. 88 to 91.
6 Docket, pp. 92 to 95.
7 Docket, pp. 96 to 98 and 426, respectively.
8 Docket, pp. 100 to 104.
9 Although BIR Form No. 2000 for the month of May 2021 was stamped received by Metrobank - Shaw Blvd. Branch as "JUN 10 2021," the machine validation on the *Payment Slip* shows the date of payment as "06/07/2021".
10 Docket, pp. 105 to 107 and 430, respectively.
11 Docket, pp. 109 to 113.
12 Docket, pp. 114 to 116 and 435, respectively.
13 Docket, pp. 118 to 121 and 436, respectively.
14 Docket, pp. 123 to 126.
15 USB (Exhibit "P-38").
16 Exhibit "P-1," Docket, p. 37.
17 Exhibit "P-1-A," Docket, pp. 38 to 45.
18 Par. 2, Summary of Admitted and Stipulated Facts, JSFI, Docket, p. 218.

its TSA, Solo Stashes, and Group Stashes from January 2021 to October 2021 in the total amount of ₱13,888,792.61. Respondent did not act on the claim.[19]

PROCEEDINGS BEFORE THIS COURT

On March 3, 2023, petitioner filed the present *Petition for Review*.[20]

On May 30, 2023, within the period granted by the Court,[21] respondent filed his *Answer*,[22] interposing special and affirmative defenses.

On September 6, 2023, the Pre-Trial Conference was held.[23] Respondent's counsel manifested that he will not present any documentary nor testimonial evidence in this case.

On the same date, the parties submitted their *Joint Stipulation of Facts & Issues*,[24] which was noted and admitted by the Court during the said Pre-Trial Conference,[25] thereby terminating pre-trial. Subsequently, on October 13, 2023, the *Pre-Trial Order* was issued.[26]

On November 21, 2023, respondent transmitted the BIR Records for this case, consisting of 183 pages in one (1) folder and one (1) USB.[27]

Trial ensued.

Petitioner presented its witnesses, namely: (1) Mr. Bryan V. San Luis,[28] petitioner's Chief Financial Officer; and (2) Mr. Ryan A.

---

19 Par. 18, Petition for Review, Docket, p. 12.
20 Docket, pp. 6 to 36.
21 Respondent's *Motion for Extension of Time to File Answer* dated April 27, 2023, Docket, pp. 181 to 183; Notice of Resolution dated May 3, 2023, Docket, p. 184.
22 Docket, pp. 189 to 196.
23 Notice of Pre-Trial Conference dated June 15, 2023, Docket, pp. 199 to 200; Minutes of the hearing held on, and Order dated, September 6, 2023, Docket, pp. 226 and 232 to 233, respectively.
24 Docket, pp. 217 to 225.
25 Minutes of the hearing held on, and Order dated, September 6, 2023, Docket, pp. 226 and 232 to 233, respectively.
26 Docket, pp. 240 to 245.
27 Respondent's transmittal letter of BIR Records dated November 21, 2023, Docket, p. 279.

Sabug,[29] the Court-commissioned Independent Certified Public Accountant (ICPA).[30]

On January 5, 2024, petitioner submitted the ICPA Report.[31]

On February 8, 2024, petitioner filed its *Formal Offer of Evidence*.[32] Respondent, however, failed to file his comment thereon.[33] In the Resolution dated June 20, 2024,[34] the Court admitted petitioner's offered exhibits, except Exhibits "P-2", "P-3", "P-7-A", "P-9-A", "P-11-A", "P-12-A", "P-13-A", "P-14-A", "P-14-B", "P-14-C", "P-14-D", "P-14-E", "P-15", and "P-15-A", for failure to submit the duly marked exhibits.

On July 12, 2024, petitioner filed its *Motion for Reconsideration (Re: Resolution dated 20 June 2024)*.[35] Respondent failed to file his comment thereon.[36] In the Resolution dated February 21, 2025,[37] the Court granted petitioner's *Motion* and admitted Exhibits "P-2", "P-3", "P-7-A", "P-9-A", "P-11-A", "P-12-A", "P-13-A", "P-14-A", "P-14-B", "P-14-C", "P-14-D", "P-14-E", "P-15", and "P-15-A."

On July 26, 2024, petitioner filed its *Memorandum*.[38] Respondent, however, failed to file his memorandum.[39]

On May 5, 2025, this case was submitted for decision.[40]

---

[28] Exhibit "P-17," Docket, pp. 161 to 178; Minutes of the hearing held on, and Order dated, November 22, 2023, Docket, pp. 280 and 282 to 283, respectively.

[29] Exhibit "P-39," Docket, pp. 315 to 332; *Cf:* Docket, pp. 344 to 363; Minutes of the hearing held on, and Order dated, January 24, 2024, Docket, pp. 335 to 337.

[30] *Oath of Commission* dated November 22, 2023, Docket, p. 281; Minutes of the hearing held on, and Order dated, November 22, 2023, Docket, pp. 280 and 282 to 283, respectively.

[31] Exhibit "P-32," Docket, pp. 287 to 309.

[32] Docket, pp. 364 to 379.

[33] Records Verification Report dated February 26, 2024 issued by the Judicial Records Division of this Court, Docket, p. 382.

[34] Docket, pp. 385 to 386.

[35] Docket, pp. 387 to 394.

[36] Records Verification dated October 9, 2024 issued by the Judicial Records Division of this Court, Docket, p. 530.

[37] Docket, pp. 537 to 538.

[38] Docket, pp. 475 to 522.

[39] Records Verification dated April 7, 2025 issued by the Judicial Records Division of this Court, Docket, p. 548.

[40] Minute Resolution dated May 5, 2025, Docket, p. 549.

THE ISSUE

Is petitioner entitled to a refund or issuance of a TCC for DST allegedly erroneously paid on its TSA and Stashes for the period from February 2021 to October 2021 in the total amount of ₱13,862,084.69?[41]

Petitioner's arguments:

Petitioner argues that it is entitled to a refund or issuance of a TCC for the DST erroneously paid on its TSA and Stashes, and that these products are regular savings accounts not subject to DST.

Respondent's counter-arguments:

Respondent counters that the Court has no jurisdiction over the case due to petitioner's failure to exhaust administrative remedies, that petitioner's TSA and Stashes are debt instruments subject to DST, and that claims for tax refunds are strictly construed against the taxpayer.[42]

THE COURT'S RULING

The *Petition for Review* has merit.

Petitioner's administrative and judicial claims for refund were timely filed. Hence, the Court has jurisdiction over the case.

Section 7(a)(2) of Republic Act (R.A.) No. 1125,[43] as amended by R.A. No. 9282, in relation to Section 3(a)(2), Rule 4 of the Revised

---

[41] Issues to be Resolved, JSFI, Docket, p. 218.

[42] Docket, pp. 189 to 196.

[43] Sec. 7. Jurisdiction. -- The CTA shall exercise:

a. Exclusive appellate jurisdiction to review by appeal, as herein provided:

. . .

2. **Inaction by the Commissioner of Internal Revenue** in cases involving disputed assessments, **refunds of internal revenue taxes**, fees or other charges, penalties in relations thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue, where the National Internal

Rules of the Court of Tax Appeals (RRCTA)[44] clothes the Court in Division with jurisdiction over inaction of respondent involving refund of internal revenue taxes, among others.

Among the recognized claims for credit or refund of internal revenue taxes are those arising from the erroneous or excessive collection thereof, as expressly provided under Sections 204(C) and 229 of the NIRC of 1997, as amended, *viz.*:

> SEC. 204. Authority of the Commissioner to Compromise, Abate and Refund or Credit Taxes. — The Commissioner may —
>
> . . .
>
> (c) Credit or refund taxes erroneously or illegally received or penalties imposed without authority, refund the value of internal revenue stamps when they are returned in good condition by the purchaser, and, in his discretion, redeem or change unused stamps that have been rendered unfit for use and refund their value upon proof of destruction. **No credit or refund of taxes or penalties shall be allowed unless the taxpayer files in writing with the Commissioner a claim for credit or refund within two (2) years after the payment of the tax or penalty**: Provided, however, That a return filed showing an overpayment shall be considered as a written claim for credit or refund.[45]
>
> . . .
>
> Sec. 229. Recovery of Tax Erroneously or Illegally Collected. — No suit or proceeding shall be maintained in any court for the recovery of any national internal revenue tax hereafter alleged to have been erroneously or illegally assessed or collected, or of any penalty claimed to have been collected without authority, of any sum alleged to have been excessively or in any manner wrongfully collected without authority, or of any sum alleged to have been excessively or in any manner wrongfully collected, until a claim for refund or credit has been duly filed with the Commissioner; but

---

Revenue Code provides a specific period of action, in which case the inaction shall be deemed a denial; . . .

44 SEC. 3. Cases within the jurisdiction of the Court in Division. — The **Court in Division** shall exercise:

(a) Exclusive original over or appellate jurisdiction to review by appeal the following:

. . .

(2) **Inaction by the Commissioner of Internal Revenue in cases involving** disputed assessments, **refunds of internal revenue taxes**, fees or other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code or other Laws, administered by the Bureau of Internal Revenue . . .

45 Emphasis supplied.

such suit or proceeding may be maintained, whether or not such tax, penalty, or sum has been paid under protest or duress.

In any case, no such suit or proceeding shall be filed after the expiration of two (2) years from the date of payment of the tax or penalty regardless of any supervening cause that may arise after payment. Provided, however, That the Commissioner may, even without a written claim therefor, refund or credit any tax, where on the face of the return upon which payment was made, such payment appears clearly to have been erroneously paid.[46]

Under the foregoing provisions, claims for refund of taxes erroneously or excessively paid—whether administrative or judicial—must be filed within two (2) years from the date of payment of the tax.

Here, petitioner established the following:

Date of payment of DST	Last day of two (2)-year period to file claim for refund	Date of filing of administrative claim for refund	Date of filing of judicial claim for refund
Mar. 5, 2021[47]	Mar. 5, 2023	Jan. 17, 2023[48]	Mar. 3, 2023[49]
Apr. 5, 2021[50]	April 5, 2023		
May 5, 2021[51]	May 5, 2023		
June 7, 2021[52]	June 7, 2023		
July 5, 2021[53]	July 5, 2023		
Aug. 5, 2021[54]	Aug. 5,2023		
Sept. 3, 2021[55]	Sept. 3, 2023		
Oct. 5, 2021[56]	Oct. 5, 2023		
Nov. 5, 2021[57]	Nov. 5, 2023		

Considering that petitioner filed its administrative claim on January 17, 2023 and its judicial claim on March 3, 2023, both within two (2) years from the respective dates of payment of the DST from March 5, 2021 to November 5, 2021, the present claim was timely filed. Accordingly, the Court properly acquired jurisdiction over the case.

---

46 Emphasis supplied.
47 Exhibits "P-5" and "P-5-A," Docket, pp. 88 to 91.
48 Exhibits "P-1" and "P-1-A," Docket, pp. 37 to 45.
49 Docket, pp. 6 to 36.
50 Exhibits "P-6" and "P-6-A," Docket, pp. 92 to 95.
51 Exhibits "P-7" and "P-7-A," Docket, pp. 96 to 98 and 426, respectively.
52 Exhibits "P-8" and "P-8-A," Docket, pp. 100 to 104.
53 Exhibits "P-9" and "P-9-A," Docket, pp. 105 to 107 and 430, respectively.
54 Exhibits "P-10" and "P-10-A," Docket, pp. 109 to 113.
55 Exhibits "P-11" and "P-11-A," Docket, pp. 114 to 116 and 435, respectively.
56 Exhibits "P-12" and "P-12-A," Docket, pp. 118 to 121 and 436, respectively.
57 Exhibits "P-13" and "P-35-r," Docket, pp. 123 to 126 and USB (Exhibit "P-38"), respectively.

Respondent contends that petitioner failed to exhaust administrative remedies is untenable. He argues that the judicial claim was prematurely filed, noting that only forty-five (45) days elapsed from the filing of the administrative claim on January 17, 2023 to the filing of the judicial claim on March 3, 2023—well short of the 180-day period under Item 3.25 of Revenue Memorandum Circular (RMC) No. 19-2015 within which the BIR may act on refund claims. From this, respondent concludes that petitioner prematurely resorted to judicial recourse and deprived the BIR of a reasonable opportunity to resolve the claim administratively.

Such contention is misplaced.

In *Commissioner of Internal Revenue v. Estate of Mr. Charles Marvin Romig, represented by its Sole Heir Mrs. Maricel Narciso Romig* (*"Romig"*),[58] the Supreme Court categorically held that:

> **It is of no moment that there is only a short interval between the filing of the two claims. The law merely requires that both claims are filed within the two-year period.** In *Commissioner of Internal Revenue v. Carrier Air Conditioning Philippines, Inc.*,[59] where therein petitioner similarly argued that the judicial claim for refund, which was filed barely 10 days from the filing of the administrative claim, was premature and violative of the doctrine of exhaustion of administrative remedies, this Court held that, **'from the plain language of the law, it does not matter how far apart the administrative and judicial claims were filed, or whether the [CIR] was actually able to rule on the administrative claim, so long as both claims were filed within the two-year prescriptive period.'**
>
> Moreover, the Court agrees with the finding of the CTA Second Division and CTA *En Banc* that the Estate's **immediate resort to court action was justified, considering that the prescriptive period was about to expire**.
>
> . . .
>
> **While the Court recognizes that the CIR may not have had the proper chance to act on the matter within their jurisdiction because of the short period of time between the filing of the two claims, the silence or insufficiency in the law on what is to be considered a reasonable period for the CIR to resolve a claim for**

---

[58] G.R. No. 262092, October 9, 2024.

[59] G.R. No. 226592, July 27, 2021 [Per J. Leonen, *En Banc*].

refund of taxes is one that can be addressed not by judicial pronouncement, but by appropriate legislation.[60]

Following *Romig*, it is clear that the law only requires: *first*, that the administrative claim precede the judicial claim, and *second*, that both be filed within the two (2)-year prescriptive period. The interval between the two filings is immaterial. Thus, petitioner's filing of its judicial claim without awaiting respondent's action on its administrative claim was justified, especially considering the proximity to the expiration of the prescriptive period.

Accordingly, petitioner's judicial claim, having been filed within the two (2)-year prescriptive period, is proper and cannot be dismissed on the ground of failure to exhaust administrative remedies.

Besides, respondent misguidedly invoked RMC No. 19-2015 to support his cause. As its title and text show,[61] the Circular merely addresses Frequently Asked Questions (FAQs) on the implementation of the BIR's electronic filing platforms (eFPS and eBIRForms) and does not govern claims for refund or impose any 180-day waiting period before a taxpayer may seek judicial recourse. Respondent's reliance thereon is therefore misplaced.

Now, we proceed to the merits.

Petitioner's TSA and Stashes are exempt from DST under Section 199(k) of the NIRC of 1997, as amended.

DST is imposed under Title VII of the NIRC of 1997, as amended, on documents, instruments, and transactions evidencing the exercise of certain privileges or the transfer of rights and obligations.[62] Section 199 of the same Code, however, expressly

---

60 Emphasis supplied.

61 SUBJECT: Clarifications/Resolutions on Issues and Concerns to the Frequently Asked Questions (FAQs) Relative to the Implementation of the Electronic Platform in Filing Tax Returns under eFPS or eBIRForms for Filing Income Tax Returns for Calendar Year 2014 Due on or before April 15, 2015, and Others, Revenue Memorandum Circular No. 019-15, April 13, 2015.

62 *Commissioner of Internal Revenue v. First Express Pawnshop Company, Inc.*, G.R. Nos. 172045-46, June 16, 2009.

enumerates certain instruments, documents, and papers that are exempt from DST.[63]

Pertinent to the present case, Section 199(k) states:

> SEC. 199. Documents and Papers Not Subject to Stamp Tax. – **The provisions of Section 173 to the contrary notwithstanding,** the following instruments, documents and papers shall be **exempt from the documentary stamp tax**:
>
> . . .
>
> (k) **Bank deposit accounts without a fixed term or maturity.**[64]

Accordingly, the determinative question is whether petitioner's TSA and Stashes qualify as "bank deposit accounts without a fixed term or maturity" within the contemplation of Section 199(k). To resolve this, the Court must examine the actual features of these products,[65] as established by the evidence on record.

In his Judicial Affidavit,[66] petitioner's Chief Financial Officer, Mr. Bryan V. San Luis, testified that petitioner offers, among others, TSA, Stashes, and Time Deposits. The evidence on record includes documents showing the product description and interest rates of petitioner's TSA, Stashes and Time Deposits, particularly the following:

Description	Exhibit
Product description of TONIK's Transactional Savings Account	"P-14 to P-14-a"/ "P-33-d"[67]
Product description of TONIK's Stashes	"P-14-c"/ "P-33-e"[68]
Product description of TONIK's Time Deposits	"P-14-e"/ "P-33-f"[69]
TONIK's Deposit Interest Rates	"P-14-b"[70]

---

63 *Michel J. Lhuillier Pawnshop, Inc. v. Commissioner of Internal Revenue*, G.R. No. 166786, May 3, 2006.

64 Emphasis supplied.

65 *Philippine Veterans Bank v. Commissioner of Internal Revenue*, G.R. No. 205261, April 26, 2021.

66 Exhibit "P-17," Docket, pp. 161 to 178.

67 ICPA USB dated January 5, 2024. Docket, pp. 442 to 446; USB (Exhibit "P-38"), respectively.

68 Docket, pp. 449 to 452; USB (Exhibit "P-38"), respectively.

69 Docket, pp. 454 to 457; USB (Exhibit "P-38"), respectively.

70 Docket, pp. 447 to 448.

The admitted exhibits show the following comparison of petitioner's deposit products:

	TSA	Solo/Group Stash	Time Deposit
Product Description	A Tonik user will get one (1) Tonik Account once he/she has completed his/her registration.	A savings pocket in Tonik Account where Tonik user can separate certain amounts in his/her savings according to specific saving purposes he/she has in mind. Tonik user can also invite others to participate in saving within their Group Stash.	A form of savings/investment in which Tonik user pledge a certain amount of money for a fixed period of time in exchange for high interest.
Accessible/ Evidenced by	TONIK App	TONIK App	Electronic Time Deposit Placement Confirmation Certificate
Interest Rate per annum (p.a.)	1% p.a.	4% and 4.5% p.a., for Solo and Group Stash, respectively	4.5% to 6% p.a. depending on the term selected
Minimum balance to earn interest	None	None	Minimum Amount to Invest ₱5,000.00
Holding or Lock-in period	None	None	6, 9, 12, 18, or 24 months
Pre-Termination	None	None	With Penalty
Withdrawal	Allowed anytime without penalty	Allowed anytime without penalty	Withdrawal within 5 days (cooling off period) of Time Deposit opening, full refund of DST and no interest. Withdraw early but after cooling off period, earn Tonik Account interest instead of high Time Deposit interest, and will be charged for DST.

From the foregoing pieces of evidence, the Court finds that TSA and Stashes share the following material features: (1) absence of a fixed term or maturity; (2) absence of any holding or lock-in period; (3) withdrawability at any time without penalty; and (4) absence of any minimum balance requirement to earn interest.

By contrast, petitioner's Time Deposits have fixed terms of 6, 9, 12, 18, or 24 months, require a minimum amount to invest, and carry consequences in case of early withdrawal.

Accordingly, the Court finds that petitioner's TSA and Stashes are bank deposit accounts without a fixed term or maturity and, thus, are expressly exempt from DST under Section 199(k) of the NIRC of 1997, as amended.

Respondent, however, argues that petitioner's TSA and Stashes are debt instruments subject to DST. He contends that, under Section 179[71] of the NIRC of 1997, as amended, in relation to Revenue Regulations (R.R.) No. 13-04,[72] deposits bearing interest significantly higher than regular savings deposits are taxable even without a fixed term or maturity. Since petitioner's TSA earns one percent (1%) per annum and its Solo and Group Stashes earn four percent (4%) and four and a half percent (4.5%) per annum, respectively, respondent maintains that these products fall within the class of deposits subject to DST.[73]

The Court does not agree.

The exemption under Section 199(k) operates notwithstanding the general imposition of DST under Section 173.[74] Accordingly,

---

71 SEC. 179. Stamp Tax on All Debt Instruments.- On every original issue of debt instruments, there shall be collected documentary stamp tax of One peso and fifty centavos (P1.50)[175] on each Two hundred pesos (P200), or fractional part thereof, of the issue price of any such debt instrument: Provided, That for such debt instruments with terms of less than one (1) year, the documentary stamp tax to be collected shall be of proportional amount in accordance with the ratio of its terms in number of days to three hundred sixty days (365): Provided, further, That only one documentary stamp tax shall be imposed on either loan agreement, or promissory notes issued to secure such loan.

For purposes of this section, the term 'debt instrument' shall mean debt instrument representing borrowing and lending transactions including but not limited to debentures, certificates of indebtedness, due bills, bonds, loan agreements, including those signed abroad wherein the object of contract is located or used in the Philippines, instruments and securities issued by the government or any of its instrumentalities, deposit substitute debt instruments, certificates or other evidences of deposits that are either drawing interest significantly higher than the regular savings deposit taking into consideration the size of the deposit and the risks involved or drawing interest and having a specific maturity date, orders for payment of any sum of money otherwise than at sight or on demand, promissory notes, whether negotiable or non-negotiable, except bank notes issued for circulation.

72 Implementing the Provisions of Republic Act No. 9243, An Act Rationalizing the Provisions on the Documentary Stamp Tax of the National Internal Revenue Code of 1997, as Amended, and for Other Purposes, Revenue Regulations No. 13-04, December 23, 2004.

73 Answer, Docket, pp. 189 to 196.

74 SEC. 199. Documents and Papers Not Subject to Stamp Tax. – **The provisions of Section 173 to the contrary notwithstanding**, the following instruments, documents and papers shall be exempt from the documentary stamp tax: . . . (Boldfacing ours).

Section 179 and R.R. No. 13-04 must be construed in a manner consistent with that statutory exemption.

R.R. No. 13-04, being an administrative regulation, must likewise be construed in harmony with the NIRC of 1997, as amended, and controlling jurisprudence; as such, it cannot be applied to expand the coverage of DST beyond what the law, as judicially interpreted, permits.[75]

On this score, the Court finds instructive the ruling of the Supreme Court in *Philippine Veterans Bank v. Commissioner of Internal Revenue ("Philippine Veterans Bank"),*[76] *viz.*:

> In the *International Exchange Bank* case, We pointed out that there is a legislative intent to impose DST on certificates of deposit that are either: (i) drawing interest significantly higher than the regular savings deposit taking into consideration the size of the deposit and the risks involved, or (ii) drawing interest and having a specific maturity date. . . . These two qualifications were included in the amendment of the then Section 180 of the NIRC of 1997, which was re-numbered to Section 179. The amendment was intended to eliminate precisely the scheme used by banks of issuing passbooks to 'cloak' its time deposits as regular savings deposits.
>
> . . .
>
> In sum, We hold that **the imposition of DST on bank deposits depends on the classification and features of such deposits. If the bank deposit is a regular savings deposit (which is withdrawable upon demand), it is exempt from DST. If the bank deposit is a time deposit (which has a maturity period), it is subject to DST. If the bank deposit combines the features of a regular savings deposit and a time deposit, such as the offer of higher interest rates in consideration of a holding period prior to withdrawability, or there is a stipulation of fees, charges or penalties for pre-termination or early withdrawal, then the same is subject to DST**.[77]

---

75 *Manila Peninsula Hotel, Inc. v. Commissioner of Internal Revenue*, G.R. No. 229338, April 17, 2024; *Saint Wealth Ltd. v. Bureau of Internal Revenue*, G.R. Nos. 252965 & 254102, December 7, 2021; *Commissioner of Internal Revenue v. Central Luzon Drug Corporation*, G.R. No. 159647, April 15, 2005.

76 G.R. No. 205261, April 26, 2021.

77 Emphasis supplied.

Although the foregoing pronouncement in *Philippine Veterans Bank* was made in the context of Section 180[78] of the NIRC of 1977, as amended by RA No. 7660,[79] the same remains applicable to the present case. As held by the Supreme Court in *International Exchange Bank v. Commissioner of Internal Revenue* ("*International Exchange Bank*"):[80]

> The further amendment of Section 180 of the NIRC and its renumbering as Section 179 by R.A. 9243 . . . does not mean that as proffered, prior to its further amendment on said date, Section 180 of the Tax Code and the NIRC time deposits for which passbooks were issued were exempted from payment of DST. If at all, the further amendment was intended to eliminate precisely the scheme used by banks of issuing passbooks to 'cloak' its time deposits as regular savings deposits.

As clarified in *Philippine Veterans Bank*,[81] and consistent with *International Exchange Bank*,[82] the imposition of DST on bank deposits depends on the product's actual classification and features, not on nomenclature or interest rate alone.

Here, as established by the foregoing comparison of petitioner's deposit products, the TSA and Stashes are demand-withdrawable savings accounts without a fixed term or maturity and do not exhibit

---

[78] Sec. 180. *Stamp tax on all loan agreements, promissory notes, bills of exchange, drafts, instruments and securities issued by the government or any of its instrumentalities, certificates of deposit bearing interest and others not payable on sight or demand.* – On all loan agreements signed abroad wherein the object of the contract is located or used in the Philippines; bills of exchange (between points within the Philippines), drafts, instruments and securities issued by the Government or any of its instrumentalities or **certificates of deposits drawing interest, or orders for the payment of any sum of money otherwise than at the sight or on demand,** or on all promissory notes, whether negotiable or non-negotiable, except bank notes issued for circulation, and on each renewal of any such note, there shall be collected a documentary stamp tax of Thirty centavos (P0.30) on each Two hundred pesos, or fractional part thereof, of the face value of any such agreement, bill of exchange, draft, certificate of deposit, or note: *Provided,* That only one documentary stamp tax shall be imposed on either loan agreement, or promissory note issued to secure such loan, whichever will yield a higher tax: *Provided, however,* That loan agreements or promissory notes the aggregate of which does not exceed Two hundred fifty thousand pesos (P250,000) executed by an individual for his purchase on installment for his personal use or that of his family and not for business, resale, barter or hire of a house, lot, motor vehicle, appliance or furniture shall be exempt from the payment of the documentary stamp tax provided under this section. *(Emphasis added)*

[79] AN ACT RATIONALIZING FURTHER THE STRUCTURE AND ADMINISTRATION OF THE DOCUMENTARY STAMP TAX, AMENDING FOR THE PURPOSE CERTAIN PROVISIONS OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, ALLOCATING FUNDS FOR SPECIFIC PROGRAMS, AND FOR OTHER PURPOSES.

[80] G.R. No. 171266, April 4, 2007.

[81] G.R. No. 205261, April 26, 2021.

[82] G.R. No. 171266, April 4, 2007.

the hallmarks of time deposits or hybrid deposit products, such as a defined holding period, lock-in arrangement, minimum or substantial deposit requirement for preferential rates, or penalties or similar consequences for early withdrawal. The record likewise does not show that the higher rates offered on Stashes are conditioned upon the maintenance of a specified deposit amount for a defined period.

Viewed in their totality, the features of petitioner's TSA and Stashes align more closely with ordinary demand-withdrawable savings deposits than with time deposits or hybrid deposit products. Thus, notwithstanding their higher interest rates, TSA and Stashes are readily distinguishable from the taxable deposit products discussed in *Philippine Veterans Bank*, *International Exchange Bank*, and other related jurisprudence.

Accordingly, petitioner's TSA and Stashes do not fall within the taxable class of deposit products contemplated under Section 179 of the NIRC of 1997, as amended, and R.R. No. 13-04, but remain bank deposit accounts without a fixed term or maturity and are, therefore, exempt from DST under Section 199(k) of the same Code.

Petitioner has sufficiently established its erroneous payment of DST.

Having established that petitioner's TSA and Stashes are exempt from DST, the Court now determines whether petitioner was able to prove the actual remittance to the BIR of the DST paid on such products and the amount refundable thereon.

Here, the erroneous payment of DST arose from several DST payments made by petitioner on its TSA and Stashes from February 2021 to October 2021 amounting to ₱13,862,084.69.

To establish the remittance to the BIR of the DST paid on its TSA and Stashes, petitioner offered in evidence the following documents:

1. *Monthly Documentary Stamp Tax Declaration/Return* (BIR Form No. 2000) for the months of February 2021 to October 2021;[83]

2. Metrobank *Payment Slips* as proof of payment of DST Return for the months of February 2021 to October 2021;[84] and

3. Schedule of DST Due for the months of February 2021 to October 2021.[85]

Based on the foregoing documents, the DST paid on petitioner's TSA and Stashes may be broken down as follows:

Month	Exhibit[86]	Total Amount of DST paid	Exhibit (DST amount computation)	DST paid on TSA and Stashes	DST paid on Time Deposits
Feb. 2021	"P-35-a", "P-35-j"	₱ 158,152.25	"P-36-a"	₱ 93,787.99	₱ 64,364.26
Mar. 2021	"P-35-b", "P-35-k"	2,541,575.14	"P-36-b"	1,148,008.39	1,393,566.75
Apr. 2021	"P-35-c", "P-35-l"	3,714,648.10	"P-36-c"	1,527,698.93	2,186,949.17
May 2021	"P-35-d", "P-35-m"	5,334,764.34[87]	"P-36-d"	2,220,546.44	1,846,612.90
June 2021	"P-35-e", "P-35-n"	3,021,746.66	"P-36-e"	1,161,366.62	1,860,380.03
July 2021	"P-35-f", "P-35-o"	2,684,561.71	"P-36-f"	1,553,090.09[88]	1,131,471.61
Aug. 2021	"P-35-g", "P-35-p"	2,523,190.56	"P-36-g"	1,524,874.46	998,316.10
Sept. 2021	"P-35-h", "P-35-q"	3,431,746.98	"P-36-h"	1,764,072.14	1,667,674.85
Oct. 2021	"P-35-i", "P-35-r"	5,198,454.37	"P-36-i"	2,868,639.86	2,329,814.52
Total		**₱28,608,840.11**[89]		**₱13,862,084.92**	**₱13,479,150.19**

As explained by the ICPA, he selected samples of transactions relating to TSA and Stash accounts and required petitioner to conduct a process and system walkthrough, which he personally witnessed, from the time the account holder deposited funds up to the extraction of data from petitioner's Core Banking System (CBS) for purposes of computing the DST.[90]

---

83 Exhibits "P-35-a" to "P-35-i," USB (Exhibit "P-38").

84 Exhibits "P-35-j" to "P-35-r," USB (Exhibit "P-38").

85 Exhibits "P-36-a" to "P-36-i," USB (Exhibit "P-38").

86 USB (Exhibit "P-38").

87 Out of the total amount of DST paid of ₱5,334,764.34, the amount of ₱1,267,605.00 was for ATC "DS101" or for original issue of shares of stocks, hence, total amount of DST paid for TSA, Stashes and Time Deposits is ₱4,067,159.34.

88 The total DST paid for TSA and Stashes for the month of July 2021 is ₱1,553,090.09 but the amount of administrative claim for refund for the said month is ₱1,553,089.86 or a difference of ₱0.23; Exhibit "P-1-A," Docket, at p. 38.

89 Total amount of DST paid for TSA, Stashes and Time Deposits for February to October 2021 is ₱27,341,235.11.

90 Exhibit "P-32," Docket, at p. 301.

According to the ICPA, petitioner's CBS captures all financial and non-financial transactions of account holders on a real-time basis, with daily computation automatically performed by the system after taking into account deposits, withdrawals, and transfers, and with credits made at month-end after applicable taxes.[91] The ICPA further stated that he checked the selected samples in petitioner's CBS to verify whether the transactions existed in the system and were recorded in petitioner's books. For the selected samples, he was able to verify the transaction information, including the account numbers, type of deposit product, and total deposit balance, and to confirm that such information tallied with the records and computations reflected in Exhibit "P-37-a."[92]

Petitioner's Schedule of DST Due[93] shows that the DST computation was broken down into five (5) categories, namely: (a) Time Deposit accounts with terms of 180 days; (b) Time Deposit accounts with terms of 270 days; (c) Time Deposit accounts with terms of more than one (1) year; (d) TSA; and (e) Stashes, with the corresponding tax base and DST due for each category. These amounts may, in turn, be traced to the DST returns offered in evidence.

To be sure, for the months of February 2021 to July 2021, the second page of the DST returns grouped the amounts differently, reflecting only three (3) categories under ATC Code "DS 106," namely: (a) Time Deposit accounts with terms of 180 days; (b) Time Deposit accounts with terms of 270 days; and (c) Time Deposit accounts with terms of more than one (1) year, TSA, and Stashes. Also true is that it was only from August 2021 to October 2021 that the DST returns reflected a breakdown corresponding to the five (5) categories stated in petitioner's Schedule of DST Due. Nonetheless, the Schedule of DST Due and the DST returns sufficiently correspond and allow tracing of the amounts claimed.

Moreover, the monthly balances of the TSA and Stash accounts, as reflected in petitioner's Schedule of DST Due and extracted from petitioner's CBS, likewise tally with the closing balances in petitioner's general ledger under GL Account No. L111111200.[94]

---

91 Exhibit "P-32," Docket, at p. 305.
92 Exhibit "P-32," Docket, at p. 306; USB (Exhibit "P-38").
93 Exhibits "P-36-a" to "P-36-i," USB (Exhibit "P-38").
94 Exhibit "P-37-b," USB (Exhibit "P-38").

Accordingly, petitioner was able to substantially prove that it actually filed and remitted DST to the BIR on its TSA and Stashes, and that the tax base used for such remittances was derived from data extracted from petitioner's CBS.

For easier reference, the following table summarizes the DST due on TSA and Stashes per petitioner's Schedule of DST Due and the corresponding DST payments reflected in the BIR returns and bank remittances:[95]

Year 2021	DST Due Per Petitioner's Summary (Exhibits "P-36-a" to "P-36-i")				DST Paid Per BIR Returns and Bank Remittance (Exhibits "P-35-a" to "P-35-i" and "P-35-j" to "P-35-r")			
Mon.	TSA	Stashes	Time Deposit 180 days, 270 days, & >1 year	Total	TSA, Stashes, Time Deposit >1 year	Time Deposit 180 days	Time Deposit 270 days	Total
Feb.	24,511.05	69,276.94	64,364.26	**158,152.25**	115,372.99	41,919.33	859.93	**158,152.25**
Mar.	450,550.19	697,458.20	1,393,566.75	**2,541,575.14**	1,299,724.70	1,234,333.18	7,517.26	**2,541,575.14**
Apr.	493,550.41	1,034,148.52	2,186,949.17	**3,714,648.10**	1,732,453.13	1,969,658.48	12,536.49	**3,714,648.10**
May	649,750.80	1,570,795.64	1,846,612.90	**4,067,159.34**	2,414,446.94	1,645,513.66	7,198.74	**4,067,159.34**
June	380,344.21	781,022.41	1,860,380.03	**3,021,746.65**	1,308,947.71	1,708,671.20	4,127.75	3,021,746.66
July	465,297.11	1,087,792.98	1,131,471.61	**2,684,561.70**	1,662,621.19	1,020,090.03	1,850.49	**2,684,561.71**
Aug.	500,556.42	1,024,318.04	998,316.10	**2,523,190.56**	1,635,677.83	884,412.16	3,100.57	**2,523,190.56**
Sept.	593,126.52	1,170,945.62	1,667,674.85	**3,431,746.98**[96]	1,916,588.14	1,508,047.31	7,111.53	**3,431,746.98**
Oct.	1,154,829.35	1,713,810.50	2,329,814.52	**5,198,454.37**	3,017,895.47	2,166,039.83	14,519.07	**5,198,454.37**
	4,712,516.06	**9,149,568.85**[97]	**13,479,150.19**	27,341,235.09	**15,103,728.10**	**12,178,685.18**	**58,821.83**	**27,341,235.11**

The foregoing documentary and testimonial evidence sufficiently establish petitioner's payment of DST on its TSA and Stashes. Since the Court has found that TSA and Stashes are exempt from DST under Section 199(k) of the NIRC of 1997, as amended, the corresponding DST remitted thereon constitutes erroneously paid tax refundable under Sections 204(C) and 229 of the same Code.

Accordingly, petitioner is entitled to the refund or issuance of a TCC in the amount of ₱13,862,084.69, the amount specifically prayed for in the Petition for Review and duly supported by the evidence.

WHEREFORE, premises considered, the present *Petition for Review* is **GRANTED**.

---

95 The Court notes the minor centavo discrepancies reflected in the supporting schedules and summary tables, as explained in the corresponding footnotes. The present Petition for Review claims refund in the amount of ₱13,862,084.69. The Court cannot grant more than what is specifically prayed for. Accordingly, the refundable amount is limited to the amount judicially claimed.

96 Total is actually ₱3,431,746.99.

97 The total DST of TSA and Stashes is ₱13,862,084.91 (₱4,712,516.06 + ₱9,149,568.85) but the amount of judicial claim for refund is only ₱13,862,084.69.

Accordingly, respondent is **ORDERED TO REFUND** or **ISSUE A TAX CREDIT CERTIFICATE** to petitioner the total amount of **₱13,862,084.69**, representing DST erroneously paid on petitioner's TSA and Stashes for the period from February 2021 to October 2021.

SO ORDERED.

Marian Ivy F. Reyes-Fajardo
MARIAN IVY F. REYES-FAJARDO
Associate Justice

I CONCUR:

HENRY S. ANGELES
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.

Marian Ivy F. Reyes-Fajardo
MARIAN IVY F. REYES-FAJARDO
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, and the Division Chairperson's attestation, it is hereby certified that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court.

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice