21-000158-0042

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

CTA CASE NO. 10507

FORD GROUP PHILIPPINES, INC.,
Petitioner,

- versus -

NOTICE OF RESOLUTION

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

To:

OFFICE OF THE SOLICITOR GENERAL
134 Amorsolo Street, Legazpi Village
Makati City

ATTY. SYLVIA R. ALMA JOSE
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Diliman, Quezon City

EMMANUEL C. ALCANTARA AND ASSOCIATES LAW OFFICES
5th Floor, SGV I Building
6760 Ayala Avenue
1226 Makati City

GREETINGS:

You are hereby notified by these presents that on **October 28, 2024,** a Resolution was rendered in the above-entitled case, copy of which is attached hereto.

Quezon City, Philippines, **October 29, 2024.**

Atty. Maria Johoanna F. Chan-Te
Executive Clerk of Court II

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

FORD GROUP PHILIPPINES, INC., *Petitioner,*	**CTA CASE NO. 10507**
	Members:
-versus-	**DEL ROSARIO,** *P.J., Chairperson,* **BACORRO-VILLENA,** *and* **CUI-DAVID,** *JJ.*
COMMISSIONER OF INTERNAL REVENUE, *Respondent.*	Promulgated: OCT 28 2024 3:30PM

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RESOLUTION

CUI-DAVID, J.:

This resolves petitioner's *Motion for Reconsideration,* filed on July 31, 2024, with respondent's *Comment/Opposition (On Petitioner's Motion for Reconsideration dated July 10, 2024)* filed on August 20, 2024.

Petitioner seeks the reconsideration of the Court's Decision dated July 10, 2024 (assailed Decision), which ruled that petitioner failed to prove that its income payments subjected to creditable withholding taxes (CWTs) were reported as part of its gross income in its amended annual income tax return (AITR) for taxable year (TY) 2018. The assailed Decision disposed of the case as follows:

> **WHEREFORE,** in light of the foregoing considerations, the present *Petition for Review* is **DENIED** for lack of merit.
>
> **SO ORDERED.**

Petitioner argues that the Court erred in ruling that it failed to prove that the income payments subjected to CWTs were included in its gross income as reported in its amended

AITR for TY 2018. It reiterates the testimony of its Tax Manager, Ms. Jo-Anne T. Matas, attesting that petitioner's amended AITR for TY 2018 reflects a gross income of ₱30,020,350,465.00. Petitioner emphasizes that the Court-commissioned independent certified public accountant (ICPA), Mr. Joel C. Romano found that the amount of CWTs that may be refunded to petitioner for TY 2018 is ₱262,073,843.00 as "petitioner declared the equivalent value of the total income payments reflected on the CWTs certificates as part of the total revenue in the filed amended Annual ITR for the taxable year 2018."

Petitioner further asserts that the revenue reported in the amended AITR for TY 2018 can be traced to the Audited Financial Statements (AFS) and General Ledger (GL) of the same year. It explains that the ₱75.00 difference between the revenues declared in the AFS and GL is due to rounding off in the AITR and AFS. Since the revenues shown in the GL and AITR are nearly identical, petitioner claims that it declared the equivalent value of income related to the claimed CWTs as part of the total revenue in the filed AITR for TY 2018.

Petitioner insists that, since the income declared in the CWT Certificates (₱26,165,557,827.00) is less than the revenue reported in the AITR (₱30,015,143,075.00), it can be concluded that the income of ₱26,165,557,827.00 related to the claimed CWTs formed part of petitioner's sales of ₱30,015,143,075.00 in the 2018 AITR.

By way of Comment, respondent counters that the Court correctly ruled that petitioner is not entitled to the tax refund of ₱262,074,181.00, representing petitioner's alleged excess and unutilized CWTs. Respondent echoes the Court's findings that petitioner failed to prove that the income payments from which the CWTs were withheld were declared as part of petitioner's gross income in its AITR. Respondent notes that petitioner mainly invokes the findings and recommendations of the ICPA, which, he argues, are mere recommendatory and not conclusive. Hence, the Court is not bound to adopt the same.

After careful evaluation, the Court finds the *Motion for Reconsideration* to be without merit.

Pursuant to Section 3, Rule 13[1] of the Revised Rules of the Court of Tax Appeals, petitioner cannot solely rely on the ICPA's findings and conclusions to support its claim that it successfully proved that its income payments subjected to CWTs were reported as part of its gross income in its AITR for TY 2018, as these are not conclusive and they are subject to further verification by this Court.[2]

Upon examination of the ICPA Report and the pieces of evidence presented by petitioner, the Court found them insufficient to support the claim that the income payments subjected to CWT were reported as part of the gross income in its AITR for TY 2018.

As discussed in the assailed Decision, petitioner did not proffer any reconciliation of the discrepancy between the revenues indicated in its amended AITR and AFS for TY 2018 and the figures in its Summary Alphalist of Withholding Taxes (SAWT), *viz.*:

> As can be gleaned from petitioner's Amended Annual ITR and AFS for CY 2018, the Revenues/Net Sales declared therein amounted to ₱30,015,143,075.00 and ₱30,015,143,000.00 (rounded off amount), respectively. These amounts tally with the Revenue/Net Sales appearing in the GL for CY 2018, totaling ₱30,015,143,074.86, detailed as follows:
>
> ...
>
> However, it cannot be verified that the income payments per SAWT in the amount of ₱26,138,846,056.85 were already included in the revenues reflected in the GL, *viz.*:
>
> ...
>
> Petitioner did not provide a reconciliation of the difference between the amounts of revenues per GL (₱30,015,143,074.86) and income payments per SAWT (₱26,138,846,056.85) nor a detailed tracing of the income payments to the GL to ascertain whether the income payments corresponding to the substantiated CWTs claimed were indeed included in the declared revenue per its Annual ITR for CY 2018.

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[1] SEC. 3. *Findings of Independent CPA.* — The submission by the independent CPA of pre-marked documentary exhibits shall be subject to verification and comparison with the original documents, the availability of which shall be the primary responsibility of the party possessing such documents and, secondarily, by the independent CPA. The findings and conclusions of the independent CPA may be challenged by the parties and shall not be conclusive upon the Court, which may, in whole or in part, adopt such findings and conclusions subject to verification.

[2] *Takenaka Corporotion Philippine Branch v. Commissioner of Internal Revenue*, G.R. No. 211589 (Notice), March 12, 2018.

Without a detailed breakdown of the transactions or revenue/net sales per GL and SAWT, the Court cannot verify whether the income payments related to the claimed CWTs were included and formed part of petitioner's reported sales in its 2018 amended AITR.

Contrary to petitioner's assertion, the Court cannot simply assume that since the total amount of income payments declared per CWT Certificates (₱26,165,557,827.00) is less than the total amount of revenues reported in the AITR (₱30,015,143,075.00, the income of ₱26,165,557,827.00 related to the claimed CWTs necessarily formed part of the total sales of ₱30,015,143,075.00 declared in the 2018 amended AITR.

Having failed to meet its burden of proving with substantial evidence that the income payments subjected to CWTs were reported as part of its gross income in its amended 2018 AITR, petitioner's claim for refund must fail.

WHEREFORE, the *Motion for Reconsideration* is **DENIED** for lack of merit.

SO ORDERED.

LANEE S. CUI-DAVID
Associate Justice

WE CONCUR:

ROMAN G. DEL ROSARIO
Presiding Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice