REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

THIRD DIVISION

DEUTSCHE KNOWLEDGE SERVICES PTE. LTD.,
Petitioner,

-versus-

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA CASE NOS. 8623, 8656, 8661, and 8685

Members:

BAUTISTA, *Chairperson*
FABON-VICTORINO, *and*
RINGPIS-LIBAN, *JJ.*

Promulgated:

AUG 04 2017 10:35 a.m.

x- -x

DECISION

***Fabon-Victorino, J.*:**

These four (4) consolidated Petitions for Review filed by petitioner Deutsche Knowledge Services Pte. Ltd. on different dates seek for the refund or issuance of tax credit certificate (TCC) in the total amount of ₱153,201,143.71, allegedly representing unutilized input value-added tax (VAT) arising from petitioner's domestic purchases of goods other than capital goods and services, purchases of capital goods, and purchases of services rendered by non-residents for the four quarters of calendar year (CY) 2011 which are attributable to its zero-rated sales, broken down, as follows:

CTA Case No.	CY 2011	Input VAT Claim
8623	1st Quarter	₱ 30,987,110.54[1]
8656	2nd Quarter	43,483,971.55[2]
8661	3rd Quarter	39,444,853.68[3]

[1] Petition for Review, docket, vol. 1, p. 16, CTA Case No. 8623.
[2] Petition for Review, docket, p. 18, CTA Case No. 8656.

8685	4th Quarter	39,285,207.94[4]
Total		**₱153,201,143.71**

Petitioner Deutsche Knowledge Services Pte. Ltd. is a foreign corporation organized and existing under the laws of Singapore, with license to transact business in the Philippines with office address at Net Quad Center, 31st Street corner 4th Avenue, E-Square Zone Crescent Park West, Taguig City.[5] It is a VAT-registered taxpayer as of June 16, 2005, with Taxpayer Identification No. (TIN) 238-763-115-000.[6]

Petitioner is also registered with the Securities and Exchange Commission (SEC) and is licensed to do business as a regional operating headquarters (ROHQ) in the Philippines. It is engaged in general administration and planning; business planning and coordination; sourcing/procurement of raw materials and components; corporate finance advisory services; marketing control and sales promotion; training and personnel management; logistic services; research and development services and product development; technical support and maintenance; data processing and communication and business development to its affiliates in the Philippines and abroad.[7]

On the other hand, respondent is Commissioner of the Bureau of Internal Revenue (BIR), with power to decide, approve, and grant refunds of internal revenue taxes or issue a tax credit certificate. He holds office at the BIR National Office Building, BIR Road, Diliman, Quezon City.

Petitioner filed with the BIR its Monthly VAT Declarations and Quarterly VAT Returns through the Electronic Filing and Payments System (EFPS), for the period beginning January 1, 2011 to December 31, 2011 as follows:[8]

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[3] Petition for Review, docket, p. 18, CTA Case No. 8661.
[4] Petition for Review, docket, p. 18, CTA Case No. 8685.
[5] Par. 1, Joint Stipulation of Facts and Issues (JSFI), docket, vol. 1, p. 489.
[6] Par. 4, JSFI, docket, vol. 1, unpaginated.
[7] Par. 3, JSFI, docket, vol. 1, p. 489.
[8] Par. 5, JSFI, docket, vol. 1, unpaginated.

PERIOD COVERED	DATE FILED
January 2011	February 18, 2011[9]
February 2011	March 9, 2011[10]
First Quarter of 2011	April 25, 2011[11]
April 2011	May 19, 2011[12]
May 2011	June 17, 2011[13]
Second Quarter of 2011	July 22, 2011[14]
July 2011	August 18, 2011[15]
August 2011	September 19, 2011[16]
Third Quarter of 2011	October 26, 2011[17]
October 2011	November 18, 2011[18]
November 2011	December 19, 2011[19]
Fourth Quarter of 2011	January 20, 2012 (original)[20]
	March 14, 2013 (amended)[21]

On October 31, 2012[22], January 9, 2013[23], January 23, 2013[24] and March 19, 2013[25], petitioner separately filed with the BIR Large Taxpayers Regular Audit Division 3 (LTRAD), its administrative claims for refund or issuance of TCC for its alleged unutilized input VAT attributable to zero-rated sales for the 1st, 2nd, 3rd, and 4th quarters of 2011 in the respective amounts of ₱30,987,110.54, ₱43,483,971.55, ₱39,444,853.68, and ₱39,285,207.94 or in the aggregate amount of ₱153,201,143.71.[26]

When no action was taken by respondent on its administrative claims for refund, petitioner filed with the Court four (4) separate Petitions for Review on March 27, 2013, May 20, 2013, June 19, 2013, and August 5, 2013,

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[9] Exhibit "P-4".
[10] Exhibit "P-4-a".
[11] Exhibit "P-5".
[12] Exhibit "P-4-b".
[13] Exhibit "P-4-c".
[14] Exhibit "P-6".
[15] Exhibit "P-4-d".
[16] Exhibit "P-4-e".
[17] Exhibit "P-7".
[18] Exhibit "P-4-f".
[19] Exhibit "P-4-g".
[20] Exhibit "P-31".
[21] Exhibit "P-8".
[22] Exhibits "P-24" and "P-24-a".
[23] Exhibits "P-25" and "P-25-a".
[24] Exhibits "P-26" and "P-26-a".
[25] Exhibits "P-27" and "P-27-a".
[26] Par. 6, Joint Stipulation of Facts and Issues, docket, vol. 1, unpaginated.

docketed as CTA Case Nos. 8623, 8656, 8661, and 8685, respectively.

Respondent filed his Answer in CTA Case No. 8623 on June 14, 2013, [27] in CTA Case No. 8656 on July 19, 2013,[28] in CTA Case No. 8661 on August 23, 2013,[29] and in CTA Case No. 8685 on October 30, 2013. [30]

To respondent's mind, the four cases for refund/tax credit should not be given due course for failure of petitioner to exhaust administrative remedies before elevating its cases to the Court. Allegedly, petitioner failed to submit complete supporting documents at the administrative level as mandated in Section 112 of the National Internal Revenue Code (NIRC), as amended, and Revenue Memorandum Order (RMO) No. 53-98.

Further, to be entitled to refund, petitioner, who has the burden of proof, must prove compliance with all the requisites under existing law and jurisprudence including registration, invoicing and accounting requirements.

After the parties submitted their Joint Stipulation of Facts and Issues[31], the Court issued the Pre-Trial Order[32] on December 10, 2013.

To prove its case, petitioner presented as witnesses (1) Rachel M. Concepcion[33]; and (2) Katherine O. Constantino, the Court-commissioned Independent Certified Public Accountant (ICPA).[34]

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[27] Docket, vol. 1, pp. 67-82, CTA Case No. 8623.
[28] Docket, pp. 53-64, CTA Case No. 8656.
[29] Docket, pp. 55-67, CTA Case No. 8661.
[30] Docket, pp. 76-89, CTA Case No. 8685.
[31] Docket, vol. 1, pp. 489-498.
[32] Docket, vol. 1, pp. 500-506.
[33] Minutes of the hearing dated February 10, 2014, docket, vol. 1, p. 519; Minutes of the hearing dated June 27, 2016, docket, vol. 7, p. 3945.
[34] Minutes of the hearing dated June 9, 2014, docket, vol. 3, p. 1389; Minutes of the hearing dated June 15, 2015, docket, vol. 6, p. 3672.

Rachel M. Concepcion, the Finance Controller of petitioner testified[35] that she is familiar with the instant cases since she oversees, prepares and safekeeps petitioner's financial documents pertaining to its operations.

Petitioner is registered with the Securities and Exchange Commission (SEC) and is licensed to operate as a Regional Operating Headquarters (ROHQ) in the country. Petitioner is likewise registered with the BIR with Certificate of Registration OCN No. 9RC0000270209 dated June 16, 2005.

As a ROHQ, petitioner provides accounting, valuation and information systems maintenance and development services, among others, to entities in the Deutsche Bank Group. Thus, petitioner renders zero-rated services to its non-resident affiliates engaged in business outside the Philippines or nonresident persons not engaged in business who are outside the Philippines based on Section 108(B)(2) of the NIRC. For services rendered, it is paid in acceptable foreign currency, i.e. Euros, inwardly remitted through Deutsche Bank Manila then credited to petitioner's account in said bank. Thus, petitioner incurred input VAT for domestic purchases of goods (other than capital goods) and services, purchases of capital goods, and purchases of services rendered by nonresidents attributable to zero-rated sale of services in the year 2011, based on Section 110(B) and Section 112(A) of the NIRC. The input VAT incurred by petitioner remained unutilized since it was not applied against any output VAT liability.

Due to the inaction of respondent on petitioner's administrative claims for refund, petitioner filed four (4) separate administrative claims for refund of its unutilized input VAT for the year 2011 on October 31, 2012, January 9, 2013, January 23, 2013, and March 19, 2013.

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[35] See Minutes of the hearing dated February 10, 2014, docket vol. 1 p. 519; Judicial Affidavit dated November 15, 2013, docket vol. 1 pp. 135-167; no cross examination conducted.

The Court-commissioned ICPA Katherine O. Constantino testified[36] that she examined and verified the documentary evidence of petitioner in relation to the present cases. Thereafter, she prepared an ICPA Report which she submitted to the Court on May 29, 2014, indicating that of the pro-rated amount of input VAT attributable to petitioner's zero-rated sales of ₱158,201,143.71, only ₱62,454,876.86 was properly substantiated. She also examined the additional documents submitted by petitioner and submitted to the Court a supplemental report.[37]

After petitioner rested, respondent manifested that he would not present any evidence in the absence of the investigation report from the BIR examiners.

At the instance of petitioner, the cases were reopened for the recall of witness Rachel M. Concepcion, who identified[38] additional documents to prove that petitioner rendered services to non-resident clients who are doing business outside the Philippines.

In the Resolution[39] dated August 5, 2016, the cases were submitted for decision.

THE ISSUES

The parties submitted the following issues for this Court's resolution:[40]

1. Whether petitioner is entitled to a refund or issuance of tax credit certificate for its unutilized input VAT arising from purchases of goods (other than capital goods) and services, purchases of capital goods, and purchases of

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[36] See Minutes of the hearing dated June 9, 2014, docket vol. 3, p. 1389; Judicial Affidavit dated June 4, 2014, docket vol. 3, pp. 1383-1388; no cross examination was conducted.
[37] See Minutes of the hearing dated June 15, 2015, docket vol. 6, p. 3672; Judicial Affidavit dated March 27, 2015, docket vol. 6, pp. 3637-3645.
[38] See Minutes of the hearing dated June 27, 2016, docket vol. 7, p. 3945; Judicial Affidavit dated June 21, 2016, docket vol. 7, pp. 3844-3848.
[39] Docket, vol. 7, pp. 4031-4032.
[40] JSFI, docket, vol. 1, p. 490.

services rendered by non-residents attributable to zero-rated sales for the 1st, 2nd, 3rd, and 4th quarters of taxable year 2011 in the respective amounts of P30,987,110.54, P43,483,971.55, P39,444,853.68, and P39,285,207.94, or in the aggregate amount of P153,201,143.71.

2. Whether the Court has jurisdiction over the Petitions for Review filed by petitioner.

DISCUSSION/RULING

First, the jurisdiction of the Court. Respondent claims that the Court lacks jurisdiction to determine the present petitions as petitioner failed to exhaust administrative remedies given that it failed to submit complete supporting documents at the administrative level, as mandated under Section 112 of the National Internal Revenue Code (NIRC), as amended, and Revenue Memorandum Order (RMO) No. 53-98, before resorting to judicial action. The issue has long been settled. There is nothing in the cited provisions that requires submission of complete documents enumerated in RMO No. 53-98 for a grant of a refund/tax credit of input VAT. In other words, the alleged flaw is not fatal to petitioner's cause. This much had been clarified by the Supreme Court in the following manner:

> The CIR's reliance on RMO 53-98 is misplaced. There is nothing in Section 112 of the NIRC, RR 3-88 or RMO 53-98 itself that requires submission of complete documents enumerated in RMO 53-98 for a grant of a refund or credit of input VAT. x x x Even assuming that RMO 53-98 applies, it specifically states that some documents are required to be submitted by the taxpayer "if applicable."
>
> Moreover, if TSC indeed failed to submit the complete documents in support of its application, the CIR could have informed TSC of its failure, consistent with Revenue Memorandum Circular No. (RMC) 42-03.[41]

[41] Commissioner of Internal Revenue vs. Team Sual Corporation (formerly Mirant Sual Corporation), G.R. No. 205055, July 18, 2014.

In another case, the High Court elucidated on the matter, as follows:

> As explained earlier and underlined in *Team Sual* above, taxpayers cannot simply be faulted for failing to submit the complete documents enumerated in RMO No. 53-98, absent notice from a revenue officer or employee that other documents are required. Granting that the BIR found that the documents submitted by Total Gas were inadequate, it should have notified the latter of the inadequacy by sending it a request to produce the necessary documents in order to make a just and expeditious resolution of the claim.
>
> Indeed, a taxpayer's failure with the requirements listed under RMO No. 53-98 is not fatal to its claim for tax credit or refund of excess unutilized excess VAT. This holds especially true when the application for tax credit or refund of excess unutilized excess VAT has arrived at the judicial level. After all, in the judicial level or when the case is elevated to the Court, the Rules of Court governs. Simply put, the question of whether the evidence submitted by a party is sufficient to warrant the granting of its prayer lies within the sound discretion and judgment of the Court.[42]

Thus, the alleged submission of complete documents at the administrative level is irrelevant when the claim for refund has already reached the Court. In Court, the basis of whether or not to grant the claim for refund will be dependent on the evidence presented pursuant to the Rules of Court, showing compliance with all the requisites under the applicable law and jurisprudence.

On the merits of the claim, Sections 110(B) and 112(A) and (C) of the NIRC, as amended, provide:

> SEC. 110. *Tax Credits.* –
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> xxx xxx xxx

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[42] Pilipinas Total Gas, Inc. vs. Commissioner of Internal Revenue, G.R. No. 207112, December 8, 2015.

(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: xxx *Provided, however,* That any input tax attributable 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.[43]

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-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 of properties or services, and the amount of creditable input tax due or paid cannot be directly and entirely attributed to any one of the transactions, it shall be allocated proportionately on the basis of the volume of sales: *Provided, finally*, That for a person making sales that are zero-rated under Section 108(B)(6), the input taxes shall be allocated ratably between his zero-rated and non-zero-rated sales.

xxx xxx xxx

(C) *Period within which Refund or Tax Credit of Input Taxes shall be Made.* – In proper cases, the Commissioner shall grant a refund or issue the tax credit certificate for creditable input taxes within one hundred twenty (120) days from the date of submission of complete documents in support of the application filed in accordance with Subsection (A) hereof.

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[43] As amended by Republic Act No. 9361, November 21, 2006.

> In case of full or partial denial of the claim for tax refund or tax credit, or the failure on the part of the Commissioner to act on the application within the period prescribed above, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim or after the expiration of the one hundred twenty day-period, appeal the decision or the unacted claim with the Court of Tax Appeals.

Based on the foregoing provisions, to be entitled to a refund/tax credit of input VAT attributable to zero-rated or effectively zero-rated sales, the following requisites must be satisfied:

1. that the taxpayer is VAT-registered;
2. that the claim for refund was filed within the prescriptive periods;
3. that there must be zero-rated or effectively zero-rated sales;
4. that input taxes were incurred or paid;
5. that such input taxes are attributable to zero-rated or effectively zero-rated sales; and
6. that the input taxes were not applied against any output VAT liability.

First Requisite: Taxpayer is a VAT-registered entity

It is undisputed that petitioner is a VAT-registered taxpayer with TIN/VAT Registration No. 238-763-115-000 and BIR Certificate of Registration No. OCN 9RC0000270209 effective June 16, 2005 issued by the BIR Revenue District Office (RDO) No. 44.[44]

Second Requisite: Timeliness of the administrative and judicial claims

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[44] Par. 4, JSFI, docket, vol. 1, unpaged (between pp. 489 and 490); Exhibit "P-2", docket, vol. 3, p. 1487.

Applying Section 112(A) of the NIRC of 1997, as amended, the two (2)-year prescriptive period in filing an administrative claim is reckoned from the close of the taxable quarter when the zero-rated or effectively zero-rated sales were made; thus, petitioner's administrative claims for the 1^{st}, 2^{nd}, 3^{rd}, and 4^{th} quarters of 2011 were timely filed, as shown below:

Taxable Quarter	**Close of the taxable Quarter**	**End of the 2-year period to file Administrative Claim**	**Filing of the Administrative Claim**
1st Qtr of 2011	Mar. 31, 2011	Mar. 31, 2013	Oct. 31, 2012[45]
2nd Qtr of 2011	Jun. 30, 2011	Jun. 30, 2013	Jan. 9, 2013[46]
3rd Qtr of 2011	Sept. 30, 2011	Sept. 30, 2013	Jan. 23, 2013[47]
4th Qtr of 2011	Dec. 31, 2011	Dec. 31, 2013	Mar. 19, 2013[48]

As to the judicial claim, Section 112(C) of the NIRC of 1997, as amended, provides a 30-day period, from either the receipt of the adverse decision of respondent or the lapse of the 120-day period for respondent to act on the claim, within which to file a Petition for Review with the CTA. Since respondent failed to act on petitioner's administrative claims for refund, petitioner sought judicial intervention and filed the claims for the 1^{st}, 2^{nd}, 3^{rd}, and 4^{th} quarters of 2011 within the "120+30" day period, as shown below:

Taxable Quarter	**Filing of Administrative claim**	**End of 120-day period**	**End of 30-day period**	**Filing of Petition for Review**
1st Qtr of 2011	Oct. 31, 2012	Feb. 28, 2013	Apr. 1, 2013[49]	Mar. 27, 2013
2nd Qtr of 2011	Jan. 9, 2013	May 9, 2013	Jun. 10, 2013[50]	May 20, 2013
3rd Qtr of 2011	Jan. 23, 2013	May 23, 2013	Jun. 24, 2013[51]	Jun. 19, 2013
4th Qtr of 2011	Mar. 19, 2013	Jul. 17, 2013	Aug. 16, 2013	Aug. 5, 2013

[45] Exhibits "P-24" to "P-24-a", docket, vol. 3, pp. 1752-1758.
[46] Exhibits "P-25" to "P-25-a", docket, vol. 3, pp. 1759-1764.
[47] Exhibits "P-26" to "P-26-a", docket, vol. 3, pp. 1765-1771.
[48] Exhibits "P-27" to "P-27-a", docket, vol. 3, pp. 1772-1777.
[49] March 30, 2013 fell on a Saturday.
[50] June 8, 2013 fell on a Saturday.
[51] June 22, 2013 fell on a Saturday.

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Third Requisite: Existence of zero-rated or effectively zero-rated sales

In its Quarterly VAT Returns for the four quarters of CY 2011, petitioner reported zero-rated sales in the amount of ₱6,757,540,662.07, as shown below:

Exhibit	Quarter	Zero-rated sales
P-5-b *(CTA Case No. 8623, Docket, Vol.3, p. 1506)*	1st	₱ 1,452,400,318.22
P-6-b *(CTA Case No. 8623, Docket, Vol.3, p. 1519)*	2nd	1,324,728,851.41
P-7-b *(CTA Case No. 8623, Docket, Vol.3, p. 1528)*	3rd	1,529,170,363.03
P-8-c *(CTA Case No. 8623, Docket, Vol.3, p. 1543)*	4th	2,451,241,129.41
Total		**₱6,757,540,662.07**

Petitioner posits that its sales of services to its various non-resident affiliates, the consideration for which was paid in acceptable foreign currency and accounted for in accordance with the rules and regulations of the *Bangko Sentral ng Pilipinas* (BSP), are subject to zero percent (0%) VAT pursuant to Section 108(B)(2) of the NIRC of 1997, as amended, which provides:

> SEC. 108. *Value-added Tax on Sale of Services and Use or Lease of Properties.* –
>
> xxx xxx xxx
>
> (B) *Transactions Subject to Zero Percent (0%) Rate.* – The following services performed in the Philippines by VAT-registered persons shall be subject to zero percent (0%) rate:
>
> (1) Processing, manufacturing or repacking goods for other persons doing business outside the Philippines which goods are subsequently exported, where the services are paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the *Bangko Sentral ng Pilipinas* (BSP);

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> (2) Services other than those mentioned in the preceding paragraph rendered to a person engaged in business conducted outside the Philippines or to a nonresident person not engaged in business who is outside the Philippines when the services are performed, the consideration for which is paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the *Bangko Sentral ng Pilipinas* (BSP);

In the case of *Commissioner of Internal Revenue vs. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.*[52], it was held that in order for the supply of services to be VAT zero-rated under Section 108(B)(2) of the NIRC of 1997, as amended, the following requisites must concur:

1. the services must be other than processing, manufacturing or repacking of goods;
2. the payment for such services must be in acceptable foreign currency accounted for in accordance with the BSP rules and regulations; and
3. the recipient of such services is doing business outside the Philippines.

Petitioner satisfied the first condition.

Petitioner is duly registered with the SEC and is licensed as ROHQ in the Philippines to provide qualifying services of general administration and planning, business planning and coordination, sourcing/procurement of raw materials and components, corporate finance advisory services, marketing control and sales promotion, training and personnel management, logistic services, research and development services and product development, technical support and maintenance, data processing and communication and business development to its affiliates in the Philippines and abroad.[53] Such services are not in the same category as "processing, manufacturing or repacking of goods".

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[52] G.R. No. 153205, January 22, 2007.
[53] Par. 3, JSFI, docket, vol. 1, p. 489.

To comply with the third requisite, petitioner presented the following documents showing that its foreign clients are non-resident foreign corporations doing business outside the Philippines:

1. SEC Certifications of Non-Registration of Company[54];
2. Various Registration Documents (*i.e.*, AMInet Company Profile Fact Sheet, Certificate of Registration/Certificate of Incorporation/Association)[55]; and
3. Intragroup Service Agreements[56].

However, each of the aforesaid documents, standing alone, is inadequate proof that petitioner's clients are non-resident foreign corporations doing business outside the Philippines.

While the Certificates of Registration/Foreign Incorporation/Association prove that the therein named entities were incorporated/organized abroad, these documents do not necessarily establish that such entities are not doing business in the Philippines.

The same holds true for the SEC Certificates of Non-Registration which show that the named entities are not registered corporations/partnerships in the Philippines. However, they do not prove that such entities are non-resident foreign corporations doing business outside the Philippines.

The service agreements only indicate the names and addresses of petitioner's customers to whom it rendered services but they do not establish that such customers are non-resident foreign corporations doing business outside the Philippines.

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[54] Exhibits "P-15" to "P-15-b" and "P-6113" to "P-6154".
[55] Exhibits "P-13" to "P-13-b", "P-14" to "P-14-b", "P-6155" to "P-6156", "P-6167" to "P-6168", "P-5992" to "P-6064", and "P-6200" to "P-6208".
[56] Exhibits "P-11" to "P-11-b", "P-6065" to "P-6112", "P-6170" to "P-6171", and "P-6209" to "P-6212".

In the case of *Sitel Philippines Corporation (formerly Clientlogic Phils., Inc.) vs. Commissioner of Internal Revenue*[57], the Supreme Court held that while Sitel's documentary evidence, which includes Certifications issued by the Securities and Exchange Commission and Agreements between Sitel and its foreign clients, may have established that Sitel rendered services to foreign corporations and received payment therefor through inward remittances, the said documents failed to specifically prove that such foreign clients were doing business outside the Philippines or have a continuity of commercial dealings outside the Philippines.

Therefore, to be considered as non-resident foreign corporation doing business outside the Philippines, each entity must be supported at the very least by **both** SEC Certificate of Non-Registration of Corporation/Partnership **and** Certificate/Articles of Foreign Incorporation/Association/Registration and that there is no other indication that the recipient of the services is doing business in the Philippines.

On this account, the Court cannot give credence to the purported foreign business registration print-outs retrieved from the Deutsche Bank Global (the Head Office located in Germany) AMInet database. The said documents are insufficient to establish that the service recipients are non-resident foreign corporations doing business outside the Philippines, for they are self-serving and can be easily manipulated to favor petitioner in view of its affinity with the entity that maintains or keeps the said database.

The following table will indicate whether petitioner complied with the third requisite with the presentation of the said SEC Certificate and Certificates of Registration/Foreign Incorporation/Association for each of the recipients of the services rendered:

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[57] G.R. No. 201326, February 8, 2017.

	SEC Certificate of Non-Registration	**Certificate of Registration / Incorporation/ Association**
AO DB Securities (Kazakhstan)	***None***	***None***
DB Consorzio S. Cons. A.R.L. in Liquidazione	P-6154	***None***
DB Finance Inc.	P-6113	***None***
DB HedgeWorks, LLC	P-6114	***None***
DB International (Asia) Limited	P-6115	***None***
DB Securities Services NJ Inc.	***None***	***None***
DB Services New Jersey, Inc.	P-6116	***None***
DB Services Tennessee Inc.	***None***	***None***
DB Trust Company Limited Japan	P-6117	***None***
DBOI Global Services Private Limited	***None***	***None***
Deutsche Asia Pacific Holdings Pte Ltd.	P-6118	P-6156
Deutsche Asset Management Asia Limited	***None***	***None***
Deutsche Bank (Malaysia) Berhad	P-6149	***None***
Deutsche Bank Aktiengesellschaft	***None***	P-13 / P-6169
Deutsche Bank Aktiengesellschaft Inlandsbank	P-6139	***None***
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	P-15-a	P-13-a
Deutsche Bank Aktiengesellschaft, Filiale Abu Dhabi	***None***	***None***
Deutsche Bank Aktiengesellschaft, Filiale Amsterdam	P-6123	***None***
Deutsche Bank Aktiengesellschaft, Filiale Bangkok	P-6124	***None***
Deutsche Bank Aktiengesellschaft, Filiale Dubai (DIFC)	P-6125	***None***
Deutsche Bank Aktiengesellschaft, Filiale Frankfurt A.M. Zurich	P-6138	***None***
Deutsche Bank Aktiengesellschaft, Filiale Ho-Chi-Minh City	P-6126	***None***
Deutsche Bank Aktiengesellschaft, Filiale Hongkong	P-6127	***None***
Deutsche Bank Aktiengesellschaft, Filiale Jakarta	P-6128	P-6167
Deutsche Bank Aktiengesellschaft, Filiale Labuan	***None***	***None***
Deutsche Bank Aktiengesellschaft, Filiale London	P-6129	***None***
Deutsche Bank Aktiengesellschaft, Filiale Mumbai	P-6130	***None***
Deutsche Bank Aktiengesellschaft, Filiale New York	P-15	P-13-b
Deutsche Bank Aktiengesellschaft, Filiale Paris	P-6131	***None***
Deutsche Bank Aktiengesellschaft, Filiale Prague	P-6132	***None***
Deutsche Bank Aktiengesellschaft, Filiale Riad	P-6133	***None***
Deutsche Bank Aktiengesellschaft, Filiale Seoul	P-6134	***None***
Deutsche Bank Aktiengesellschaft, Filiale Singapore	P-15-b	***None***
Deutsche Bank Aktiengesellschaft, Filiale Taipei	P-6135	***None***
Deutsche Bank Aktiengesellschaft, Filiale Tokyo	P-6136	***None***
Deutsche Bank Aktiengesellschaft, Filiale Wien	P-6137	***None***
Deutsche Bank Aktiengesellschaft, Filiale Zurich	***None***	***None***
Deutsche Bank China Co. Ltd. Beijing Branch	P-6119	***None***
Deutsche Bank China Co. Ltd. Guangzhou Branch	P-6120	***None***
Deutsche Bank China Co. Ltd. Shanghai Branch	P-6121	***None***
Deutsche Bank International Limited	***None***	***None***
Deutsche Bank Luxembourg S.A.	P-6140	***None***
Deutsche Bank National Trust Company	P-6141	***None***
Deutsche Bank PBC Spolka Akcyjna	P-6142	***None***
Deutsche Bank Pgk Ag	***None***	***None***

Deutsche Bank Real Estate Japan YK	P-6143	***None***
Deutsche Bank Securities Inc.	P-6144	***None***
Deutsche Bank Sociedad Anonima Espanola	P-6146	***None***
Deutsche Bank Societa Per Azione	***None***	***None***
Deutsche Bank Suisse SA	P-6122	***None***
Deutsche Bank Trust Company Americas	P-6145	***None***
Deutsche Group Services Pty Limited	P-6147	***None***
Deutsche Securities Inc.	P-6148	P-6155
Deutsche Trustees Malaysia Berhad	***None***	***None***
DWS Holding & Service GMBH	P-6150	***None***
Global Markets Centre Private Limited	***None***	***None***
Licorne Gestion	P-6151	***None***
PT Deutsche Securities Indonesia	P-6152	***None***
RREEF Management GMBH	P-6153	***None***
RREEF Management LLC	***None***	***None***
Rued Blass and CIE AG	***None***	***None***

Correspondingly, only the sales of services by petitioner to entities which have the said two required documents will be treated as subject to the 0% VAT rate, pursuant to Section 108(B)(2) of the NIRC of 1997, as amended.

Corollary to the second requisite, Sections 113(A)(2), (B)(1), (2)(c) and (3) of the NIRC of 1997, as amended, as implemented by Sections 4.113-1(A)(2), (B)(1) and (2)(c) of Revenue Regulations (RR) No. 16-05, provide that a VAT taxpayer, like herein petitioner, shall for every lease of goods or properties and for every sale, barter or exchange of services issue a VAT official receipt which must contain the following information:

> "SEC. 113. *Invoicing and Accounting Requirements for VAT-Registered Persons.* –
>
> (A) *Invoicing Requirements.* – A VAT-registered person shall issue:
>
> xxx xxx xxx
>
> (2) A **VAT official receipt** for every lease of goods or properties, and **for every sale, barter or exchange of services**.

(B) *Information Contained in the VAT Invoice or VAT Official Receipt.* – The following information shall be indicated in the VAT invoice or VAT official receipt:

(1) A statement that the seller is a VAT-registered person, followed by his Taxpayer's Identification Number (TIN);

(2) The total amount which the purchaser pays or is obligated to pay to the seller with the indication that such amount includes the value-added tax: *Provided*, That:

xxx xxx xxx

(c) If the sale is subject to zero percent (0%) value-added tax, the term **'zero-rated sale'** shall be written or printed prominently on the invoice or receipt;

xxx xxx xxx

(3) The date of transaction, quantity, unit cost and description of the goods or properties or nature of the service; and" *(Emphasis supplied)*

"SECTION 4.113-1. *Invoicing Requirements.* –

(A) A VAT-registered person shall issue: –

xxx xxx xxx

(2) A **VAT official receipt** for every lease of goods or properties, and **for every sale, barter or exchange of services**.

Only VAT-registered persons are required to print their **TIN followed by the word 'VAT' in their invoice or official receipts**. Said documents shall be considered as a 'VAT Invoice' or VAT official receipt. All purchases covered by invoices/receipts other than VAT Invoice/VAT Official Receipt shall not give rise to any input tax.

VAT invoice/official receipt shall be prepared at least in duplicate, the original to be given to the buyer and the duplicate to be retained by the seller as part of his accounting records.

(B) ***Information contained in VAT invoice or VAT official receipt.*** – The following information shall be indicated in VAT invoice or VAT official receipt:

(1)A statement that the seller is a VAT-registered person, followed by his TIN;

(2)The total amount which the purchaser pays or is obligated to pay to the seller with the indication that such amount includes the VAT; Provided, That:

xxx xxx xxx

(c) If the sale is subject to zero percent (0%) VAT, the term **'zero-rated sale'** shall be written or printed prominently on the invoice or receipt;" *(Emphasis supplied)*

Pursuant to Section 108(B)(2) of the NIRC of 1997, as amended, only the sales of services by petitioner to entities which have the two required documents will be treated as subject to the 0% VAT rate.

To prove that petitioner rendered services to its foreign affiliates and was paid in foreign currency duly accounted for in accordance with the rules and regulations of the BSP for the four quarters of CY 2011, petitioner submitted in evidence its VAT zero-rated official receipts (ORs) and invoices[58] issued to its alleged non-resident foreign clients and bank certification of inward remittances[59] issued by Deutsche Bank AG Manila.

Upon verification of the foregoing pieces of evidence, the Court finds that out of the P6,757,540,662.07 zero-rated sales declared per VAT Return for the four quarters of CY 2011, only the amount of €28,324,387.08 with peso equivalent of P1,691,367,779.99, as presented below, qualifies for VAT zero-rating under Section 108(B)(2) of the NIRC of 1997, as amended:

Customer's Name	O.R. Date	O.R. No.	OR Exhibit No.	OR Amount (in Euro)	Amount in Peso
Deutsche Asia Pacific Holdings Pte Ltd	12-Jan-11	1176	P-51	8,742.50	498,916.99
Deutsche Asia Pacific Holdings Pte Ltd	24-Jan-11	1208	P-79	8,742.50	528,279.55
Deutsche Asia Pacific Holdings Pte Ltd	6-Apr-11	1387	P-250	38,467.07	2,369,559.97
Deutsche Asia Pacific Holdings Pte Ltd	7-Jul-11	1578	P-419	38,467.08	2,360,305.41
Deutsche Asia Pacific Holdings Pte Ltd	4-Oct-11	1708	P-540	64,216.80	3,759,125.80
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	5-Jan-11	1164	P-40	86,210.13	5,017,731.30
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	12-Jan-11	1178	P-53	70,855.00	4,075,367.04
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	12-Jan-11	1179	P-54	34,640.00	1,992,388.88
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	12-Jan-11	1180	P-55	16,140.00	928,324.38
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	12-Jan-11	1181	P-56	13,784.25	792,828.71
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	12-Jan-11	1182	P-57	18,157.50	1,044,364.93
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	12-Jan-11	1183	P-58	8,847.41	508,876.48
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	12-Jan-11	1184	P-59	8,070.00	464,162.19
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	7-Feb-11	1246	P-114	8,733.74	518,247.90
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	7-Feb-11	1247	P-115	8,742.50	518,767.71
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	7-Feb-11	1248	P-116	18,157.50	1,077,440.63
Deutsche Bank Aktiengesellschaft, Asia Pacific	7-Feb-11	1249	P-117		

[58] Exhibits "P-38" to "P-238", "P-244" to "P-403", "P-414" to "P-532", and "P-539" to "P-782".
[59] Exhibits "P-17" to "P-17-c", docket, vol. 5, pp. 2729-2751.

Head Office				106,039.80	6,292,253.28
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	9-Feb-11	1261	P-128	347,187.05	20,608,606.66
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	3-Mar-11	1293	P-157	731,092.86	44,139,512.09
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	3-Mar-11	1294	P-158	344,808.75	20,817,724.84
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	3-Mar-11	1295	P-159	29,988.26	1,810,532.20
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	11-Mar-11	1321	P-184	319.94	19,199.92
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	11-Mar-11	1322	P-185	26,900.00	1,614,295.90
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	11-Mar-11	1323	P-186	103,349.80	6,202,124.85
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	11-Mar-11	1324	P-187	16,140.00	968,577.54
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	11-Mar-11	1325	P-188	26,900.00	1,614,295.90
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	11-Mar-11	1326	P-189	8,070.00	484,288.77
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	11-Mar-11	1327	P-190	96,581.41	5,795,947.00
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	11-Mar-11	1328	P-191	8,847.41	530,941.92
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	11-Mar-11	1329	P-192	18,157.50	1,089,649.73
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	11-Mar-11	1330	P-193	3,257.59	195,491.23
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	11-Mar-11	1331	P-194	16,140.00	968,577.54
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	11-Mar-11	1332	P-195	35,104.59	2,106,661.55
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	11-Mar-11	1333	P-196	6,298.02	377,950.48
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	11-Mar-11	1334	P-197	31,204.08	1,872,588.04
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	11-Mar-11	1336	P-199	262,500.21	15,752,900.10
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	11-Mar-11	1337	P-200	9,153.11	549,287.28
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	11-Mar-11	1338	P-201	209,180.30	12,553,118.98
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	4-Apr-11	1382	P-245	13,903.53	852,817.50
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	14-Apr-11	1401	P-262	766,230.31	48,046,394.97
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	9-May-11	1459	P-310	27,081.03	1,658,664.34
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	9-May-11	1460	P-311	12,976.22	794,770.12
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	9-May-11	1461	P-312	23,672.04	1,449,869.84
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	9-May-11	1462	P-313	13,778.06	843,881.37
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	9-May-11	1463	P-314	152,566.30	9,344,411.26
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	9-May-11	1464	P-315	4,777.81	292,632.26
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	9-May-11	1465	P-316	744,023.10	45,570,075.63
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	2-Jun-11	1507	P-353	12,976.22	807,316.82
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	2-Jun-11	1508	P-354	17,754.03	1,104,568.75

Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	2-Jun-11	1509	P-355	4,777.81	297,251.93
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	10-Jun-11	1526	P-366	21,731.19	1,364,464.48
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	5-Jul-11	1576	P-417	17,530.57	1,091,667.16
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	2-Sep-11	1653	P-482	4,777.81	286,037.45
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	2-Sep-11	1654	P-483	12,976.22	776,859.04
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	2-Sep-11	1655	P-484	148,620.96	8,897,624.77
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	2-Sep-11	1656	P-485	17,754.03	1,062,896.49
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	2-Sep-11	1657	P-486	8,346.59	499,692.82
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	6-Sep-11	1668	P-497	131,616.75	7,835,526.82
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	20-Sep-11	1682	P-510	737,573.83	43,968,251.15
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	20-Sep-11	1683	P-511	695,023.94	41,431,767.11
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	20-Sep-11	1684	P-512	541,450.26	32,276,932.90
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	20-Sep-11	1685	P-513	632,036.99	37,676,989.05
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	20-Sep-11	1686	P-514	8,696.54	518,179.69
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	20-Sep-11	1687	P-515	11,670.84	695,722.11
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Oct-11	1737	P-566	152,566.30	9,053,177.14
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Oct-11	1740	P-569	26,542.11	1,574,990.17
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Oct-11	1743	P-572	23,672.04	1,404,682.24
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Oct-11	1746	P-575	20,763.12	1,232,068.97
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Oct-11	1747	P-576	8,226.05	488,128.03
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Oct-11	1748	P-577	6,473.94	384,159.05
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Oct-11	1749	P-578	20,713.04	1,229,097.25
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Oct-11	1750	P-579	23,672.04	1,404,682.24
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Oct-11	1751	P-580	23,672.04	1,404,682.24
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Oct-11	1752	P-581	3,195.73	3,195.73
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Oct-11	1754	P-583	4,429.53	262,845.20
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Oct-11	1755	P-584	25,628.58	1,520,781.95
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Oct-11	1756	P-585	19,819.31	1,176,063.94
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Oct-11	1757	P-586	12,908.50	765,981.33
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Oct-11	1758	P-587	141,673.23	8,406,790.01
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Oct-11	1760	P-589	152,566.30	9,053,177.14
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Oct-11	1761	P-590	21,502.09	1,275,918.93
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Oct-11	1762	P-591	4,777.81	283,511.89

Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Oct-11	1763	P-592	25,115.15	1,490,315.37
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Oct-11	1765	P-594	3,515.30	208,595.43
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	8-Nov-11	1815	P-631	29,074.77	1,715,019.62
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	8-Nov-11	1816	P-632	309,621.67	18,263,506.07
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	8-Nov-11	1817	P-633	126.29	7,449.41
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	8-Nov-11	1818	P-634	4,312.37	254,371.72
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	8-Nov-11	1819	P-635	19,079.16	1,125,413.33
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	8-Nov-11	1820	P-636	25,628.58	1,511,740.85
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	8-Nov-11	1821	P-637	8,226.05	485,226.10
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	8-Nov-11	1822	P-638	25,115.15	1,481,455.40
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	8-Nov-11	1823	P-639	12,610.97	743,877.28
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	8-Nov-11	1824	P-640	2,162.05	127,531.81
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	8-Nov-11	1825	P-641	141,673.23	8,356,811.38
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	8-Nov-11	1826	P-642	12,908.50	761,427.55
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Nov-11	1855	P-669	123,970.09	7,289,840.63
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Nov-11	1857	P-671	1,001,938.81	58,755,587.49
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	18-Nov-11	1858	P-672	3,151.73	184,823.41
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	9-Dec-11	1893	P-703	3,140.08	180,934.99
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	14-Dec-11	1928	P-736	16,824.66	966,245.44
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	14-Dec-11	1929	P-737	16,885.18	969,721.12
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	14-Dec-11	1930	P-738	145,395.12	8,350,086.81
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	14-Dec-11	1931	P-739	30,320.33	1,741,305.95
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	14-Dec-11	1932	P-740	18,105.83	1,039,823.43
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	14-Dec-11	1933	P-741	27,617.38	1,586,074.69
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	14-Dec-11	1934	P-742	255,808.23	14,691,145.95
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	14-Dec-11	1935	P-743	8,325.06	478,110.78
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	14-Dec-11	1936	P-744	8,489.36	487,546.58
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	8-Nov-11	1814	P-781	7,503.79	442,622.49
Deutsche Bank Aktiengesellschaft, Filiale Jakarta	7-Jan-11	1166	P-231	16,650.05	953,237.01
Deutsche Bank Aktiengesellschaft, Filiale Jakarta	9-Feb-11	1255	P-122	15,942.04	946,300.36
Deutsche Bank Aktiengesellschaft, Filiale Jakarta	9-Feb-11	1256	P-123	4,842.00	287,415.31
Deutsche Bank Aktiengesellschaft, Filiale Jakarta	9-Feb-11	1258	P-125	2,690.00	159,675.17
Deutsche Bank Aktiengesellschaft, Filiale Jakarta	9-Feb-11	1254	P-232	16,650.05	988,326.99
Deutsche Bank Aktiengesellschaft, Filiale Jakarta	12-Dec-11	1897	P-705	8,164.33	476,198.03
Deutsche Bank Aktiengesellschaft, Filiale Jakarta	12-Dec-11	1898	P-706	8,115.61	473,356.35

Deutsche Bank Aktiengesellschaft, Filiale Jakarta	12-Dec-11	1899	P-707	7,101.62	414,213.71
Deutsche Bank Aktiengesellschaft, Filiale Jakarta	12-Dec-11	1900	P-708	9,361.22	546,008.61
Deutsche Bank Aktiengesellschaft, Filiale Jakarta	12-Dec-11	1901	P-709	4,842.00	282,417.64
Deutsche Bank Aktiengesellschaft, Filiale Jakarta	13-Dec-11	1902	P-710	7,101.61	414,213.13
Deutsche Bank Aktiengesellschaft, Filiale Jakarta	13-Dec-11	1903	P-711	7,101.61	414,213.13
Deutsche Bank Aktiengesellschaft, Filiale Jakarta	13-Dec-11	1904	P-712	8,115.61	473,356.35
Deutsche Bank Aktiengesellschaft, Filiale Jakarta	13-Dec-11	1905	P-713	7,101.61	414,213.13
Deutsche Bank Aktiengesellschaft, Filiale New York	10-Jan-11	1172	P-47	441,832.23	25,327,060.55
Deutsche Bank Aktiengesellschaft, Filiale New York	20-Jan-11	1195	P-67	1,228.87	73,407.16
Deutsche Bank Aktiengesellschaft, Filiale New York	24-Jan-11	1209	P-80	145,393.46	8,785,632.45
Deutsche Bank Aktiengesellschaft, Filiale New York	18-Feb-11	1276	P-141	6,610.27	389,578.91
Deutsche Bank Aktiengesellschaft, Filiale New York	3-Mar-11	1298	P-162	1,464,237.13	88,402,877.45
Deutsche Bank Aktiengesellschaft, Filiale New York	7-Apr-11	1389	P-252	7,479.53	460,722.59
Deutsche Bank Aktiengesellschaft, Filiale New York	5-May-11	1440	P-293	9,524.43	607,697.68
Deutsche Bank Aktiengesellschaft, Filiale New York	15-Jun-11	1531	P-371	1,091,949.00	68,422,725.48
Deutsche Bank Aktiengesellschaft, Filiale New York	24-Jun-11	1547	P-384	30,254.52	1,861,158.23
Deutsche Bank Aktiengesellschaft, Filiale New York	4-Jul-11	1570	P-414	1,339,442.14	83,751,566.58
Deutsche Bank Aktiengesellschaft, Filiale New York	23-Aug-11	1637	P-468	31,083.38	1,899,514.67
Deutsche Bank Aktiengesellschaft, Filiale New York	2-Sep-11	1650	P-479	1,920,418.99	115,602,885.81
Deutsche Bank Aktiengesellschaft, Filiale New York	23-Sep-11	1694	P-521	62,916.13	3,709,566.48
Deutsche Bank Aktiengesellschaft, Filiale New York	26-Sep-11	1696	P-523	689,090.12	40,598,279.84
Deutsche Bank Aktiengesellschaft, Filiale New York	25-Oct-11	1783	P-608	1,071,419.83	64,377,412.23
Deutsche Bank Aktiengesellschaft, Filiale New York	2-Nov-11	1801	P-623	629,013.40	36,676,676.87
Deutsche Bank Aktiengesellschaft, Filiale New York	24-Nov-11	1875	P-688	3,335.04	193,988.60
Deutsche Bank Aktiengesellschaft, Filiale New York	28-Nov-11	1883	P-694	626,365.95	36,513,078.54
Deutsche Bank Aktiengesellschaft, Filiale New York	16-Dec-11	1948	P-756	621,062.04	35,602,282.69
Deutsche Bank Aktiengesellschaft, Filiale New York	20-Dec-11	1963	P-767	1,047,662.31	60,013,512.49
Deutsche Securities Inc.	10-Feb-11	1265	P-132	2,367,688.53	141,384,626.42
Deutsche Securities Inc.	18-Feb-11	1278	P-143	713,521.06	42,051,649.08
Deutsche Securities Inc.	15-Apr-11	1409	P-270	358,026.33	22,376,645.63
Deutsche Securities Inc.	12-Sep-11	1671	P-500	516,744.23	30,131,614.42
Deutsche Securities Inc.	12-Dec-11	1906	P-714	1,870,536.33	109,102,119.70
Deutsche Securities Inc.	11-Jul-11	1581	P-422	481,808.18	28,923,330.49
TOTAL VALID ZERO-RATED SALES				**28,324,387.08**	**1,691,367,779.99**

Fourth and Fifth Requisites: Petitioner had input taxes attributable to its zero-rated sales

Having resolved that petitioner had VAT zero-rated sales for the four quarters of CY 2011 in the amount of ₱1,691,367,779.99, the Court shall proceed to determine the amount of input VAT attributable thereto.

In its Quarterly VAT Returns for CY 2011, petitioner declared input VAT of ₱154,055,337.69 on its purchases of goods and services, of which the amount of ₱153,201,143.71 is the subject of the present claim, as shown below:

	1st Qtr 2011	2nd Qtr 2011	3rd Qtr 2011	4th Qtr 2011	Total
Purchase of Capital Goods not exceeding ₱1M	₱ 41,088.23	₱ 104,241.74	₱ 81,582.20	₱ 55,201.28	₱ 282,113.45
Domestic Purchases of Goods Other than Capital Goods	526,757.57	528,741.83	778,425.96	554,519.30	2,388,444.66
Domestic Purchases of Services	28,144,992.12	40,966,477.96	36,434,881.54	35,374,660.46	140,921,012.08
Services rendered by non-residents	1,997,755.77	1,987,882.52	2,130,215.31	3,304,374.40	9,420,228.00
Total Input VAT on Purchases of Goods and Services other than Capital Goods	**₱30,710,593.69**	**₱43,587,344.05**	**₱39,425,105.01**	**₱ 39,288,755.44**	**₱153,011,798.19**
Add: Input VAT on Purchases of Capital Goods exceeding ₱1 Million	276,516.85	263,775.87	239,882.15	263,364.63	1,043,539.50
Total Input VAT on Current Purchases of Goods and Services	**₱30,987,110.54**	**₱43,851,119.92**	**₱39,664,987.16**	**₱ 39,552,120.07**	**₱154,055,337.69**
Divided by total declared sales		1,335,913,939.24	1,537,704,342.95	2,467,895,387.24	5,341,513,669.43
Multiply by zero-rated sales		1,324,728,851.41	1,529,170,363.03	2,451,241,129.41	5,305,140,343.85
Total	**₱30,987,110.54**	**₱43,483,971.55**	**₱39,444,853.68**	**₱ 39,285,207.94**	**₱153,201,143.71**

To substantiate its claim that its input VAT on purchases of goods and services other than capital goods amounts to ₱153,011,798.19, petitioner presented various invoices and official receipts issued by its suppliers, BIR Forms No. 1600 and other documents[60] which were all examined by the ICPA. From the ICPA's findings, the Court subscribes to the following exceptions:[61]

	Reference (Annex 9 of ICPA Reports)	Original Amount (Exhibit P-29)	Supplemental Amount (Exhibit P-6172)	TOTAL
OTHER FINDINGS - Purchases of Goods				
1 Purchases of goods supported by TIN VAT REG invoices but not dated within the quarter of claim and without BIR permit to print	4Q-e	₱ 124,347.80		₱ 124,347.80

[60] Exhibits "P-21" to "P-22-a" and "P-793" to "P-5991".
[61] Exhibit "P-6172", Supplemental ICPA Report, Annexes 11 and 12.

2	Purchases of goods supported by REG VAT TIN invoices but not dated within the year of claim and/or petitioner's TIN is not indicated	1Q-f; 2Q-f	4,144.98		4,144.98
3	Purchases of goods supported by VAT REG TIN invoices but date is not clearly visible, without petitioner's TIN and VAT amount is not shown separately	1Q-g; 4Q-g	5,364.10		5,364.10
4	Purchases of goods supported by VAT REG TIN invoices but not dated within the year of claim, and/or without petitioner's TIN and/or incorrect petitioner's TIN and/or VAT amount is not shown separately	1Q-h; 2Q-h; 3Q-h; 4Q-h	500,588.39	₱ 189,417.16	690,005.55
5	Purchases of goods supported by VAT REG TIN invoices but no date indicated and without petitioner's TIN	1Q-I; 3Q-I; 4Q-i	3,158.40	192.86	3,351.26
6	Purchases of goods supported by VAT REG TIN invoices but date is written on a computer generated invoice and petitioner's TIN is not indicated	3Q-j	2,362.50		2,362.50
7	Purchases of goods supported by VAT REG TIN invoices but amount per OR is not tie-up with the amount per schedule	2Q-k	825.00		825.00
8	Purchases of goods supported by VAT REG TIN invoices without BIR Permit to Print and/or printing date	2Q-l; 4Q-l	58,007.15		58,007.15
9	Purchases of goods supported by TIN invoices	3Q-m[62]	6,029.83		6,029.83
10	Purchases of goods supported by TIN VAT invoices but not dated within the year of claim and/or without petitioner's TIN	1Q-n; 2Q-n; 3Q-n	63,866.32		63,866.32
11	Purchases of goods supported by TIN VAT invoices with incorrect petitioner's TIN	1Q-o	15,953.22		15,953.22
12	Purchases of goods supported by TIN VAT invoices with incorrect petitioner's TIN and/or VAT amount is not tie-up with the amount per schedule	1Q-p; 3Q-p	24,812.15		24,812.15
13	Purchases of goods supported by documents other than VAT invoices	1Q-q; 2Q-q; 4Q-q	319,313.37	48,882.06	368,195.43
14	Purchases of goods supported by REG VAT TIN invoices where petitioner's TIN is not indicated	1Q-bu; 3Q-bu		3,294.76	3,294.76
15	Purchases of goods supported by TIN VAT invoices but petitioner's TIN is not indicated and VAT amount is not shown separately	1Q-bv; 3Q-bv; 4Q-bv		169,007.81	169,007.81
16	Purchases of goods supported by photocopied invoices	2Q-r; 3Q-r; 4Q-r	936,422.44	(817,898.61)	118,523.83
	Sub-total		***₱ 2,065,195.65***	***₱ (407,103.96)***	***₱ 1,658,091.69***

[62] The annex referred to cannot actually be found.

OTHER FINDINGS - Purchases of Services					-
1	Purchases of services supported by BIR TIN ORs with no BIR permit to print	2Q-w	₱ 26,756.57		₱ 26,756.57
2	Purchases of services supported by VAT REG ORs but VAT amount is not shown separately	1Q-x; 3Q-x	27,487.02	₱ 1,019.60	28,506.62
3	Purchases of services supported by VAT REG ORs but not dated within the quarter of claim with incorrect petitioner's TIN and VAT amount is not tied-up with the amount per schedule	3Q-y	33.60		33.60
4	Purchases of services supported by VAT REG ORs with incorrect petitioner's TIN and VAT amount is not tied-up with the amount per schedule	1Q-z	1,982.20		1,982.20
5	Purchases of services supported by VAT REG ORs with incorrect petitioner's TIN and VAT amount is not tied-up with the amount per schedule	1Q-aa; 2Q-aa; 3Q-aa	40,793.14		40,793.14
6	Purchases of services supported by VAT REG TIN VAT ORs without petitioner's TIN and VAT amount is not shown separately	1Q-ab	273,908.52		273,908.52
7	Purchases of services supported by VAT REG TIN ORs but not dated within the quarter of claim and/or petitioner's TIN and/or VAT amount is not shown separately	1Q-ac; 2Q-ac; 3Q-ac	488,515.17		488,515.17
8	Purchases of services supported by VAT REG TIN ORs but not dated within the quarter of claim and incorrect petitioner's TIN and VAT amount per OR is not tied-up with the amount per schedule	3Q-ad	3,756.70		3,756.70
9	Purchases of services supported by VAT REG TIN ORs but not dated within the quarter of claim and VAT amount per OR is not tied-up with the amount per schedule	1Q-ae; 2Q-ae; 3Q-ae; 4Q-ae	261,114.17		261,114.17
10	Purchases of services supported by VAT REG TIN ORs but not dated within the year of claim	4Q-af	2,565,815.39	167,658.21	2,733,473.60
11	Purchases of services supported by VAT REG TIN ORs but no date indicated and/or without petitioner's TIN	1Q-ag; 4Q-ag	58,134.59		58,134.59
12	Purchases of services supported by VAT REG TIN ORs but no date indicated and with incorrect petitioner's TIN and VAT amount per OR is not tied-up with the amount per schedule	1Q-ah	9,076.28		9,076.28
13	Purchases of services supported by VAT REG TIN ORs but no date indicated and VAT amount per OR is not tied-up with the amount per	2Q-ai	2,090.98		2,090.98

✓

	schedule				
14	Purchases of services supported by VAT REG TIN ORs but no year indicated in the date	2Q-aj	182.04		182.04
15	Purchases of services supported by VAT REG TIN ORs but without petitioner's TIN and/or incorrect petitioner's TIN and/or VAT not shown separately	1Q-ak; 2Q-ak; 3Q-ak; 4Q-ak	11,523,808.61	4,403,506.66	15,927,315.27
16	Purchases of services supported by VAT REG TIN ORs without petitioner's TIN and VAT amount is not tied-up with the amount per schedule	1Q-al; 2Q-al; 3Q-al; 4Q-al	280,752.84		280,752.84
17	Purchases of services supported by VAT REG TIN ORs but incorrect petitioner's TIN and VAT amount per OR is not tied-up with the amount per schedule	1Q-am; 2Q-am; 3Q-am	3,768,597.09		3,768,597.09
18	Purchases of services supported by VAT REG TIN ORs but without countersignature on the alteration in the petitioner's TIN	3Q-an	78,019.20		78,019.20
19	Purchases of services supported by VAT REG TIN ORs but VAT amount per OR is not tied-up with the amount per schedule	1Q-ap; 2Q-ap; 3Q-ap; 4Q-ap	2,225,215.82		2,225,215.82
20	Purchases of services supported by TIN ORs without petitioner's TIN and VAT amount is not shown separately	1Q-aq; 3Q-aq; 4Q-aq	117,843.23	44,536.85	162,380.08
21	Purchases of services supported by TIN ORs	1Q-ar	32,350.37		32,350.37
22	Purchases of services supported by TIN ORs but incorrect petitioner's TIN and VAT amount per OR is not tied-up with the amount per schedule	1Q-as	28,382.14		28,382.14
23	Purchases of services supported by TIN ORs but VAT amount per OR is not tied-up with the amount per schedule	1Q-at; 2Q-at; 4Q-at	85,146.42		85,146.42
24	Purchases of services supported by TIN NON VAT and/or NON VAT REG TIN ORs and/or TIN VAT ZERO RATED	1Q-au; 2Q-au; 4Q-au	147,102.74		147,102.74
25	Purchases of services supported by TIN VAT ORs but not dated in the quarter of claim and/or without petitioner's TIN and/or VAT not shown separately	1Q-av; 2Q-av; 3Q-av	361,750.33		361,750.33
26	Purchases of services supported by TIN VAT ORs but not dated in the quarter of claim and VAT amount is not tied-up with the amount per schedule	2Q-aw; 3Q-aw	19,529.67		19,529.67

27	Purchases of services supported by TIN VAT ORs but not dated in the year of the claim and/or VAT amount is not shown separately	1Q-ax; 4Q-ax	41,344.20	1,712.68	43,056.88
28	Purchases of services supported by TIN VAT ORs but without petitioner's TIN or incorrect petitioner's TIN and/or VAT amount is not shown separately	1Q-ay; 2Q-ay; 3Q-ay; 4Q-ay	2,563,712.39	4,650,934.98	7,214,647.37
29	Purchases of services supported by TIN VAT ORs but without petitioner's TIN and VAT amount is not tied-up with the amount per schedule	1Q-az; 2Q-az; 4Q-az	483,858.45		483,858.45
30	Purchases of services supported by TIN VAT ORs but incorrect petitioner's TIN and VAT amount is not tied-up with the amount per schedule	1Q-ba	132,252.83		132,252.83
31	Purchases of services supported by TIN VAT ORs but without countersignature on the alteration in the petitioner's TIN	3Q-bb	18,543.75		18,543.75
32	Purchases of services supported by TIN VAT ORs but without BIR permit to print and VAT amount is not tied-up with the amount per schedule	2Q-bc	32,749.82		32,749.82
33	Purchases of services supported by TIN VAT ORs but VAT amount is not tied-up with the amount per schedule	1Q-bd; 2Q-bd; 3Q-bd; 4Q-bd	1,011,678.34		1,011,678.34
34	Purchases of services supported by tape receipts	1Q-be; 2Q-be; 3Q-be	238,504.92	97,598.70	336,103.62
35	Purchases of services supported by other than OR	1Q-bf; 2Q-bf; 3Q-bf; 4Q-bf	2,722,422.65	701,738.73	3,424,161.38
36	Purchases of services supported by photocopied OR	1Q-bg; 2Q-bg; 3Q-bg; 4Q-bg	47,754,185.11	(27,122,791.74)	20,631,393.37
37	Purchases of services supported by VAT REG TIN ORs but no date indicated and/or VAT amount is not shown separately	4Q-bw		27,540.00	27,540.00
38	Purchases of services supported by NON VAT REG TIN ORs and VAT amount is not shown separately	4Q-bx		7,170.00	7,170.00
39	Purchases of services supported by TIN NON VAT ORs and VAT amount is not shown separately	3Q-by; 4Q-by		2,829.75	2,829.75
40	Purchases of services supported by TIN VAT ORs but no date indicated and VAT amount is not shown separately	3Q-bz; 4Q-bz		224,318.09	224,318.09
41	Purchases of services supported by TIN VAT ZERO Rated ORs and VAT amount is not shown separately	3Q-ca		24,130.00	24,130.00
42	Purchases of services supported by VAT REG TIN ORs/TIN VAT ORs representing overstated VAT amount	1Q-bt; 2Q-bt; 3Q-bt; 4Q-bt		348,115.17	348,115.17
	Sub-total		***₱77,427,397.29***	***₱(16,419,982.32)***	***₱61,007,414.97***

OTHER FINDINGS - Purchases of Capital Goods not exceeding ₱1 Million					-
1	Purchases of capital goods not exceeding one million supported with TIN VAT invoices dated not within the year of claim	1Q-bj	₱ 72,581.79		₱ 72,581.79
2	Purchases of capital goods not exceeding one million supported with TIN VAT invoices not dated within the quarter of claim	2Q-bk	1,500.00		1,500.00
3	Purchases of capital goods not exceeding one million supported by VAT REG TIN invoices not dated within the quarter of claim	4Q-bl	9,000.00		9,000.00
4	Purchases of capital goods not exceeding one million supported by documents other than VAT invoices	1Q-bm; 2Q-bm; 4Q-bm	(91,686.42)		(91,686.42)
5	Purchases of capital goods not exceeding one million supported by documents other than VAT invoices	1Q-bn; 2Q-bn; 4Q-bn	177,070.37		177,070.37
	Sub-total		***₱ 168,465.74***	-	***₱ 168,465.74***
	Purchases of services without supporting documents		10,960,023.58		10,960,023.58
GRAND TOTAL			**₱90,621,082.26**	**₱(16,827,086.28)**	**₱73,793,995.98**

Thus, the input VAT in the amount of ₱73,793,995.98 should be disallowed as they were not properly substantiated by VAT invoices or official receipts as prescribed under Sections 110(A) and 113(A) and (B) of the NIRC of 1997, as amended, in relation to Sections 4.110-2, 4.110-8, and 4.113-1 of Revenue Regulations (RR) No. 16-05, as amended.

Upon further verification, the Court finds that the additional input VAT of ₱5,382,960.55, as presented below, shall likewise be disallowed for petitioner's failure to meet the substantiation requirements prescribed under the aforesaid VAT law and regulations:

	Name of Supplier	Exhibit	Input VAT Amount
1	***Supported by documents/exhibits which were denied admission by the Court***		
	Tierra International	P-2704	₱ 331,200.00
	6-3 Property Holdings Inc.	P-4843	973,834.10
	Trane Philippines	P-2705	2,400.00
	DHL Express (Philippines) Corp.	P-3701	58.75
	Subtotal		***₱1,307,492.85***
2	***Purchases of goods supported by documents other than VAT invoice***		
	Reach Marketing	P-3926	₱ 4,446.00

Reach Marketing	P-3927	10,017.86
subtotal		***₱ 14,463.86***
3 Purchases of goods supported by VAT invoices but without petitioner's TIN and/or dated outside the year of claim		
JJED Philippines Inc	P-1738	₱ 10,348.29
Bettilane Marketing Corporation	P-2051	16,664.99
subtotal		***₱ 27,013.28***
4 Purchases of goods supported by VAT invoice without BIR Permit to Print		
Hewlett-Packard Philippines	P-5131	₱ 8,799.71
Hewlett-Packard Philippines	P-5132	13,688.44
Papertech Inc	P-5217	14,128.93
subtotal		***₱ 36,617.08***
5 Purchases of services supported by VAT ORs but VAT amount was not separately shown or the VAT amount stated refers to withholding tax		
MGE UPS Systems Philippines Inc	P-1170	₱ 18,480.00
MGE UPS Systems Philippines Inc	P-1171	18,480.00
PSEI Firesafety System	P-1334	17,280.00
PSEI Firesafety System	P-1335	33,960.00
Realform Furniture Shop	P-1344	15,000.00
Chloride Secure	P-2296	17,142.86
Proffesional Skills Enrichment	P-2524	3,000.00
Colliers International Philippines	P-3552	2,888.44
International Elevator & Equipment Inc.	P-3793	14,325.00
Exclusive Cars International	P-5033	9,211.61
Asia Select Inc	P-823	2,458.31
Asia Select Inc	P-827	7,511.87
Asia Select Inc	P-828	1,459.40
Asia Select Inc	P-829	3,924.48
Asia Select Inc	P-830	1,156.13
Asia Select Inc	P-832	3,081.53
Asia Select Inc	P-833	4,377.30
Asia Select Inc	P-834	2,473.80
Asia Select Inc	P-835	6,652.88
Asia Select Inc	P-836	7,366.12
Asia Select Inc	P-837	12,901.18
Colliers International Philippines	P-899	36,720.00
subtotal		***₱ 239,850.91***
6 Purchases of services supported by VAT ORs but input VAT amount per OR is lower than amount being claimed (overclaimed input VAT)		
DHL Express Phils Corp (₱745.60-₱33.60)	P-972	₱ 712.00
DHL Express Phils Corp (₱731.60-₱33.60)	P-975	698.00
DHL Express Phils Corp (₱1,039.60-₱33.60)	P-979	1,006.00
DHL Express Phils Corp (₱1,714.60-₱33.60)	P-980	1,681.00
DHL Express Phils Corp (₱1,873.60-₱33.60)	P-981	1,840.00
DHL Express Phils Corp (₱264.86-₱33.60)	P-982	231.26
DHL Express Phils Corp (₱815.60-₱33.60)	P-983	782.00
Headstrong Philippines Inc (₱12,960.00-₱12,728.57)	P-1095	231.43
Headstrong Philippines Inc (₱25,200-₱24,750)	P-1096	450.00
Headstrong Philippines Inc (₱41,040.00-₱40,307.14)	P-1097	732.86
Headstrong Philippines Inc (₱14,130.00-₱13,877.68)	P-1098	252.32

Headstrong Philippines Inc (₱21,052.50-₱20,676.56)	P-1099	375.94
Headstrong Philippines Inc (₱114,660.00-₱112,612.50)	P-1457	2,047.50
Colliers International Phillippines (₱198,791.41 ₱33,131.90)	P-2076	165,659.51
DHL Express Phils Corp (₱899.60-₱33.60)	P-2096	866.00
DHL Express Phils Corp (₱1,266.60-₱33.60)	P-2099	1,233.00
DHL Express Phils Corp (₱728.60-₱33.60)	P-2099	695.00
DHL Express Phils Corp (₱6,781.60-₱33.60)	P-2100	6,748.00
DHL Express Phils Corp (₱4,226.00-₱81.66)	P-2106	4,144.34
DHL Express Phils Corp (₱2,329.44-₱2,029.44)	P-2106	300.00
DHL Express Phils Corp (₱897.00-₱33.60)	P-2107	863.40
DHL Express Phils Corp (₱830.00-₱33.60)	P-2107	796.40
DHL Express Phils Corp (₱816.60-₱33.60)	P-2110	783.00
DHL Express Phils Corp (₱1,429.00-₱33.60)	P-2112	1,395.40
Colliers International Phillippines (₱249,846.96-₱41,641.73)	P-2162	208,205.23
Colliers International Phillippines (₱10,038.35-₱1,673.06)	P-2163	8,365.29
DHL Express Phils Corp (₱838.60-₱33.60)	P-2169	805.00
DHL Express Phils Corp (₱787.00-₱33.60)	P-2171	753.40
Servcom Incorporated (₱7,873.92-₱7,733.34)	P-2275	140.58
Servcom Incorporated (₱7,071.42-₱6,945.00)	P-2279	126.42
DHL Express Phils Corp (₱633.60-₱33.60)	P-2301	600.00
Headstrong Philippines Inc (₱12,071.25-₱11,855.69)	P-2307	215.56
Headstrong Philippines Inc (₱61,320-₱60,225)	P-2312	1,095.00
Headstrong Philippines Inc (₱53,010-₱52,063)	P-2313	947.00
IBM Philippines Inc (₱26,006.40-₱25,542.00)	P-2329	464.40
Frasers Hospitality Investment (₱2,753.10-₱1,261.84)	P-2231	1,491.26
Frasers Hospitality Investment (₱3,670.80-₱1,682.45)	P-2232	1,988.35
Taurus Electrical Service (₱6,428.57-₱6,313.78)	P-2276	114.79
Bigfish Restaurant Concepts (₱13,794.64-₱12,663.93)	P-2297	1,130.71
Cedorada Glass & Aluminum Supply (₱9,664.29-₱1,610.71)	P-2298	8,053.58
International Elevator (₱54,016.88-₱51,605.41)	P-2335	2,411.47
Jebsen & Jessen Communications (₱2,784.00-₱2,360.91)	P-2337	423.09
MGE UPS Systems Philippines Inc (₱11,040.00-₱10,842.86)	P-2371	197.14
MGE UPS Systems Philippines Inc (₱6,920.00-₱6,796.83)	P-2372	123.17
Misnet Education Inc (₱18,857.14-₱15,714.28)	P-2374	3,142.86
Misnet Education Inc (₱19,500.00-₱19,151.79)	P-2376	348.21
Professional Skills Enrichment (₱11,460-₱1,910)	P-2523	9,550.00
Professional Skills Enrichment (₱15,360-₱2,560)	P-2525	12,800.00
Professional Skills Enrichment (₱900-₱150)	P-2526	750.00
Professional Skills Enrichment (₱27,000-₱4,500)	P-2527	22,500.00
Professional Skills Enrichment (₱3,000-₱500)	P-2529	2,500.00
Professional Skills Enrichment (₱8,502-₱1,417)	P-2530	7,085.00
Professional Skills Enrichment (₱13,080-₱2,180)	P-2531	10,900.00
Salvador & Associates (₱9,112.29-₱7,998.00)	P-2548	1,114.29
DHL Express Phils Corp (₱673.60-₱33.60)	P-2677	640.00
DHL Express Philippines Corp (₱1,229.60-₱33.60)	P-2678	1,196.00
Benchmark Consulting Co (₱13,200.00-₱12,964.28)	P-3519	235.72
Asia Select Inc (₱11,494.26-₱11,289.00)	P-3681	205.26
Premium Security & Investigation (₱22,938.51-₱3,671.75)	P-3896	19,266.76
Taurus Electrical Service (₱132,055.21-₱129,697.19)	P-4016	2,358.02
Headstrong Philippines Inc (₱48,645.00-₱47,776.40)	P-4045	868.60

	Headstrong Philippines Inc (₱45,360.00-₱44,550.00)	P-4046	810.00
	Headstrong Philippines Inc (₱8,100-₱7,955)	P-4047	145.00
	6-24 Property Holdings Inc (₱2,264,525.85-₱2,201,607.81)	P-4839	62,918.04
	6-24 Property Holdings Inc (₱973,834.10-₱945,820.89)	P-4843	28,013.21
	Asia Select Inc (₱13,335.87-₱13,097.73)	P-4907	238.14
	Asia Select Inc (₱12,698.25-₱12,471.49)	P-4914	226.76
	Asia Select Inc (₱10,717.74-₱10,526.35)	P-4919	191.39
	Emerson Network Power (₱65,207.99-₱64,043.56)	P-5016	1,164.43
	Fuji Xerox Philippines Inc (₱79,936.47-₱77,766.97)	P-5078	2,169.50
	Headstrong Philippines Inc (₱131,400-₱129,054)	P-5125	2,346.00
	Headstrong Philippines Inc (₱58,860.00-₱57,808.00)	P-5127	1,052.00
	Headstrong Philippines Inc (₱93,240.00-₱91,575.00)	P-5129	1,665.00
	IBM Philippines Inc (₱122,585.40-₱12,585.40)	P-5141	110,000.00
	Manila Peninsula Hotel Inc (₱3,780.00-₱486.30)	P-5191	3,293.70
	MGE UPS Systems Philippines Inc (₱31,920.01-₱31,350.00)	P-5200	570.01
	MGE UPS Systems Philippines Inc (₱27,945.16-₱27,446.14)	P-5202	499.02
	MGE UPS Systems Philippines Inc (₱59,865.16-₱58,796.14)	P-5203	1,069.02
	Premium Security & Investigation (₱12,565.86-₱1,104.53)	P-5279	11,461.33
	subtotal		***₱ 755,469.07***
7	***Purchases of services supported by document with statement "NOT ELIGIBLE FOR/NOT VALID AS SOURCE OF INPUT TAX"***		
	Accent Micro Technologies Inc	P-1969	₱ 2,452.50
	Shellsoft Technology Corp	P-2563	1,366.07
	SOP Printing House	P-2623	321.43
	Accent Micro Technologies Inc	P-3432	1,227.27
	Accent Micro Technologies Inc	P-3436	3,000.00
	Shellsoft Technology Corp	P-3957	1,285.71
	SOP Printing House	P-4000	675.00
	subtotal		***₱ 10,327.98***
8	***Purchases of services supported by documents other than VAT ORs***		
	FTL Hotels	P-2682	₱ 15,114.60
	FTL Hotels	P-2683	15,114.60
	6-24 Property Holdings Inc	P-2686	2,033,861.39
	6-24 Property Holdings Inc	P-2687	352,341.02
	ACCRA Law	P-3445	86,400.00
	Salvador & Associates	P-4657	4,980.00
	Nexstep Inc	P-4669	26,136.00
	Manila Peninsula Hotel Inc	P-4670	2,116.80
	Hospitality International Inc	P-4672	15,918.37
	Headstrong Philippines Inc	P-4673	31,920.00
	Headstrong Philippines Inc	P-4674	26,880.00
	Headstrong Philippines Inc	P-4675	25,920.00
	subtotal		***₱2,636,702.78***
9	***Purchases of services supported by VAT OR with alteration on date or amount without countersignature***		
	Headstrong Philippines Inc	P-3771	₱ 35,280.00
	Sunvision Cable Inc	P-5368	3,360.00
	subtotal		***₱ 38,640.00***
10	***Purchase of services supported by VAT OR but without BIR Permit to print***		
	Federal Phoenix Assurance	P-2229	₱ 316,382.74

subtotal		***₱ 316,382.74***
Grand Total		**₱5,382,960.55**

Moreover, part of the total input VAT of ₱154,055,337.69 is the amount of ₱1,043,539.50 representing input VAT on purchases of capital goods exceeding ₱1 Million. Pursuant to Section 110(A) of the NIRC of 1997, as amended, as implemented by Section 4.110-3 of RR No. 16-2005, input VAT claim on capital goods purchases attributable to zero-rated sales may be claimed either in full during the month of acquisition, or spread over a period of time, depending on the aggregate acquisition cost of the capital goods in the calendar month. If the aggregate acquisition cost exceeds ₱1 Million, the claim for input tax should be spread over 60 months or the estimated useful life of the capital goods, whichever is shorter. On the other hand, if aggregate acquisition cost does not exceed ₱1 Million, the total input taxes shall be allowed as credit/refund in the month of acquisition.

Upon verification of the documents supporting the purchases on capital goods exceeding ₱1 Million, the Court finds that the amount of ₱243,537.00 should be disallowed due to the following reasons:

	Annex 12 of Exhibit P-6172	**Original Amount**	**Supplemental**	**Total**
Supported by VAT REG TIN invoices but VAT amount per invoice is not tie-up with the amount per schedule	Annex 10 2Q-b	₱ 73,928.57		₱ 73,928.57
Supported with TIN VAT Invoices not dated within the year of claim	Annexes 10 1Q-d; 2Q-d	4,595.14	₱ 19,557.43	24,152.57
Supported with invoices but unable to verify to original copy (photocopied invoices)	Annex 10 2Q-f; 3Q-f	659,461.71	(542,890.28)	116,571.43
Supported by documents other than VAT invoices	Annex 2Q-g;3Q-g	8,485.72		8,485.72
Without supporting documents / unaccounted	Annexes 12-A; 12-B;	20,398.71		20,398.71
TOTAL		**₱766,869.85**	**₱(523,332.85)**	**₱ 243,537.00**

Thus, while petitioner was able to substantiate the amount of ₱800,002.50 (₱1,043,539.50 less ₱243,537.00), out of the total input VAT of ₱1,043,539.50 on purchases of capital goods exceeding ₱1 Million, only the amortization for CY 2011 in the amount of ₱132,943.20 may be claimed by petitioner as valid input tax credits for the same taxable year, as determined hereunder:

Exhibit	Name of Supplier	Month acquired	Substantiated Input VAT	Monthly Input VAT Credit[63]	No. of Months amortized	Amortization
P-39	Accent Micro Technologies Inc.	January	₱ 229,542.86	₱ 4,782.14	12	₱ 57,385.72
P-40	Accent Micro Technologies Inc.	January	6,107.14	127.23	12	1,526.79
P-793	Accent Micro Technologies Inc.	January	6,107.14	127.23	12	1,526.79
P-1960	Accent Micro Technologies Inc.	February	36,642.86	763.39	11	8,397.32
P-3679	Accent Micro Technologies Inc.	March	7,500.00	156.25	10	1,562.50
P-1963	Accent Micro Technologies Inc.	March	1,500.00	31.25	10	312.50
P-2002	Accent Micro Technologies Inc.	March	1,500.00	31.25	10	312.50
P-1977	Accent Micro Technologies Inc.	April	642.86	13.39	9	120.54
P-1978	Accent Micro Technologies Inc.	April	1,500.00	31.25	9	281.25
P-1979	Accent Micro Technologies Inc.	April	342.86	7.14	9	64.29
P-1980	Accent Micro Technologies Inc.	April	642.86	13.39	9	120.54
P-1982	Accent Micro Technologies Inc.	April	342.86	7.14	9	64.29
P-1990	Accent Micro Technologies Inc.	April	642.86	13.39	9	120.54
P-1991	Accent Micro Technologies Inc.	April	482.14	10.04	9	90.40
P-3692	Accent Micro Technologies Inc.	April	487.50	10.16	9	91.41
P-3696	Accent Micro Technologies Inc.	April	1,500.00	31.25	9	281.25
P-1992	Accent Micro Technologies Inc.	May	6,107.14	127.23	8	1,017.86
P-2663	Accent Micro Technologies Inc.	May	27,857.14	580.36	8	4,642.86
P-3691	Accent Micro Technologies Inc.	May	4,553.57	94.87	8	758.93
P-3697	Accent Micro Technologies Inc.	May	122,142.86	2,544.64	8	20,357.14
P-1987	Accent Micro Technologies Inc.	May	559.29	11.65	8	93.22
P-1988	Accent Micro Technologies Inc.	May	22,125.00	460.94	8	3,687.50
P-3418	Accent Micro Technologies Inc.	June	25,500.00	531.25	7	3,718.75
P-3693	Accent Micro Technologies Inc.	June	487.50	10.16	7	71.09
P-3694	Accent Micro Technologies Inc.	June	487.50	10.16	7	71.09
P-3695	Accent Micro Technologies Inc.	June	10,725.00	223.44	7	1,564.06
P-3698	Accent Micro Technologies Inc.	June	10,516.07	219.08	7	1,533.59
P-3419	Accent Micro Technologies Inc.	July	9,107.14	189.73	6	1,138.39
P-3420	Accent Micro Technologies Inc.	July	342.86	7.14	6	42.86
P-4849	Accent Micro Technologies Inc.	September	535.71	11.16	4	44.64
P-4850	Accent Micro Technologies Inc.	September	168.21	3.50	4	14.02
P-4851	Accent Micro Technologies Inc.	September	4,553.57	94.87	4	379.46
P-4852	Accent Micro Technologies Inc.	September	258,107.14	5,377.23	4	21,508.93
P-4630	Accent Micro Technologies Inc.	October	642.86	13.39	3	40.18
	Total		**₱ 800,002.50**			**₱ 132,943.20**

Consequently, the unamortized input VAT of ₱667,059.30 (₱800,002.50 less ₱132,943.20) pertaining to capital goods purchases exceeding ₱1 Million shall also be disallowed.

[63] Based on useful life of 48 months.

In sum, only the remaining amount of ₱73,967,784.86 represents petitioner's valid input VAT for the four quarters of 2011, as computed below:

Total Input VAT per Returns		₱ 154,055,337.69
Less: Disallowed Input VAT		
On purchases of goods and services other than capital goods		
Per ICPA Report	₱73,793,995.98	
Per this Court's Further Verification	5,382,960.55	(79,176,956.53)
On purchases of capital goods exceeding ₱1 Million		
Per this Court's Further Verification	₱ 243,537.00	
Unamortized input VAT on capital goods exceeding ₱1 Million	667,059.30	(910,596.30)
Valid Input VAT		**₱73,967,784.86**

However, a portion of the ₱73,967,784.86 shall be applied against the reported output VAT liability of ₱5,293,874.95[64]. Consequently, only the remaining input VAT of ₱68,673,909.91 can be attributed to the entire zero-rated sales amounting to ₱6,757,540,662.07 and only the input VAT of ₱17,188,625.90 is attributable to the valid zero-rated sales of ₱1,691,367,779.99, computed as follows:

Valid Input VAT	₱ 73,967,784.86
Less: Output Tax Due	5,293,874.95
Total	**₱ 68,673,909.91**
Divide by Total Zero-Rated Sales declared per return	6,757,540,662.07
Multiply by Valid Zero-rated Sales	1,691,367,779.99
Excess Input VAT Attributable to Valid Zero-Rated Sales	**₱ 17,188,625.90**

Sixth Requisite: Excess input taxes were not applied against any output VAT liability

Although the claimed input VAT was carried over by petitioner in its succeeding Quarterly VAT Returns[65], the

64 Sum of the amounts in Line15B of Exhibits "P-5-a", "P-6-a", "P-7-a", and "P-8-b", docket, vol. 3, pp. 1506, 1519, 1528, and 1543, respectively.
65 Exhibits "P-6" to "P-8" and "P-19" to "P-20".

same remained unutilized until it was deducted as "VAT Refund/TCC Claimed" in its Quarterly VAT Returns for the fourth quarter of CY 2012[66] and first quarter of CY 2013[67]. Therefore, the excess input VAT of ₱249,651,814.19[68] as of the end of the fourth quarter of 2012, which was carried over to the succeeding first quarter of 2013, no longer included the subject first quarter claim and the input VAT of ₱147,996,613.27[69] as of the end of the first quarter of 2013, which was carried over to the succeeding second quarter of 2013, no longer included the subject second, third, and fourth quarters claims.

WHEREFORE, the present Petitions for Review are hereby **PARTIALLY GRANTED**. Accordingly, let a tax refund or a tax credit certificate be issued in favor of petitioner in the reduced amount of **₱17,188,625.90**, representing its unutilized and excess input VAT attributable to zero-rated sales for the first, second, third, and fourth quarters of calendar year 2011.

SO ORDERED.

ESPERANZA R. FABON-VICTORINO
Associate Justice

We Concur:

LOVELL R. BAUTISTA
Associate Justice

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

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[66] Exhibit "P-19-c", Line 23D, docket, vol. 5, p. 2771.
[67] Exhibit "P-20", Line 23D, docket, vol. 5, p. 2776.
[68] Exhibit "P-19-c", Line 29, docket, vol. 5, p. 2772.
[69] Exhibit "P-20", Line 29, docket, vol. 5, p. 2777.

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.

LOVELL R. BAUTISTA
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13 of Article VIII 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's Division.

ROMAN G. DEL ROSARIO
Presiding Justice