REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

SECOND DIVISION

ROYAL CARIBBEAN CRUISES LTD., under the name RCL REGIONAL OPERATING HEADQUARTERS, Petitioner,	**CTA CASE NO. 10508** *Present:* **RINGPIS-LIBAN**, *Chairperson*, **MODESTO-SAN PEDRO**, and **FERRER-FLORES**, *JJ.*
vs.	
COMMISSIONER OF INTERNAL REVENUE, Respondent.	Promulgated: OCT 15 2024

x - x
4:20 p.m.

DECISION

FERRER-FLORES, J.:

The *Petition for Review* prays for the Court to render judgment ordering respondent to issue the corresponding tax credit certificate to the petitioner in the aggregate amount of **₱14,195,993.64**, representing the partial denial of petitioner's administrative claim for refund of alleged "prescribed/out of period claim."[1]

THE PARTIES

Petitioner **Royal Caribbean Cruises Ltd., doing business under the name RCL Regional Operating Headquarters**, is the regional operating headquarters (ROHQ) in the Philippines of a multinational company organized and existing under the laws of Liberia. It was issued a License to Transact Business in the Philippines under Securities and Exchange Commission (SEC) License No. FS201624326 issued by the SEC on October 18, 2016, with its principal business address at 12/F Unit 1201-P, Pacific Drive, Five E-com Center Building, Harbor Drive, Mall of Asia Complex,

[1] Pre-Trial Order dated April 20, 2022, Docket – Vol. 1, p. 354.

Pasay City, Metro Manila, Philippines.[2] It is registered with the Bureau of Internal Revenue (BIR) as a value-added tax (VAT) taxpayer under Tax Identification Number (TIN) 009-438-752-00000.[3]

Respondent is the **Commissioner of Internal Revenue (CIR)** vested by law to enforce and implement the provisions of the National Internal Revenue Code (NIRC) of 1997, as amended, and other related statutes and implementing rules and regulations, with office address at the Office of the Commissioner of Internal Revenue, BIR National Building, Quezon City.[4]

ANTECEDENTS (ADMINISTRATIVE LEVEL)

Petitioner filed with the BIR its original *Quarterly VAT Returns* (BIR Form No. 2550-Q) for the first, second, third, and fourth quarters of calendar year (CY) 2018 on the following dates:

CY 2018	Date of Filing	Return Type
First Quarter	April 26, 2018[5]	Original
Second Quarter	July 25, 2018[6]	Original
Third Quarter	October 23, 2018[7]	Original
Fourth Quarter	January 25, 2019[8]	Original

On December 4, 2020, petitioner filed with the VAT Credit Audit Division (VCAD) of the BIR its *Application for Tax Credits/Refund* (BIR Form No. 1914),[9] and *Letter* dated December 3, 2020,[10] requesting and applying for the issuance of a tax credit certificate/refund of unutilized input VAT, in relation to its zero-rated sales from October 1, 2018 to December 31, 2018 (Fourth Quarter of CY 2018), amounting to ₱17,172,969.28.

Thereafter, on February 23, 2021, petitioner received the *VAT Refund Notice* dated February 2, 2021, issued by Assistant Commissioner Maria Luisa I. Belen,[11] informing petitioner as regards the input tax allowable for refund on local purchases amounting to ₱2,347,228.34, while the amount of ₱14,825,740.94 was denied on the following grounds:

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2 Par. A (1), *Joint Stipulation of Facts and Issues* (JSFI), Docket – Vol. 1, pp. 327 to 328.
3 Exhibit "P-3", Docket – Vol. 2, p. 490.
4 Par. A (2), JSFI, Docket – Vol. 1, p. 328.
5 Exhibit "P-14-1", USB (Exhibit "P-44").
6 Exhibit "P-15-1", USB (Exhibit "P-44").
7 Exhibit "P-16-1", USB (Exhibit "P-44").
8 Exhibit "P-17", BIR Records (Exhibit "R-6"), pp. 221 to 226.
9 Exhibit "P-20", Docket – Vol. 2, p. 588.
10 Exhibit "P-19", Docket – Vol. 2, pp. 575 to 587.
11 Exhibits "P-4" and "R-5", BIR Records (Exhibit "R-6"), p. 310.

Deductions from the Claim	Amount
Prescribed and/or out-of-period input VAT included in the claim (1Q to 3Q 2018)	₱ 14,195,993.64
Disallowed input tax due to non-compliance with the invoicing requirements pursuant to Sec. 113 of the NIRC of 1997, as amended (Annex "B")	420,694.66
Big-ticket disallowance (Annex "C")	209,052.64
Total	**₱ 14,825,740.94**

PROCEEDINGS BEFORE THIS COURT

The denial of the ₱14,195,993.64 claim prompted petitioner to file the present *Petition for Review* via electronic mail (e-mail) on March 24, 2021,[12] with the physical copies thereof subsequently filed on May 17, 2021.[13]

On June 10, 2021, a Resolution was issued by this Court[14] requiring petitioner to present the original authenticated/apostilled *Secretary's Certificate* or a certified true copy thereof. Thus, on June 23, 2021, petitioner filed its *Compliance*.[15]

In response to the said *Petition*, and the summons served upon him,[16] respondent filed his *Answer* on October 27, 2021,[17] alleging its special and affirmative defenses.

The Pre-Trial Conference was set and held on March 17, 2022.[18] Prior thereto, on March 9, 2022, *Respondent's Pre-Trial Brief*[19] was submitted simultaneously with the *BIR Records*,[20] which consists of 315 pages; while petitioner's *Pre-Trial Brief* was filed on March 14, 2022.[21]

On March 31, 2022, the parties filed their *Joint Stipulation of Facts and Issues*,[22] which was admitted and approved by the Court in its Resolution

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12 Docket – Vol. 1, p. 8.
13 Docket – Vol. 1, pp. 9 to 31.
14 Docket – Vol. 1, pp. 229 to 230.
15 Docket – Vol. 1, pp. 231 to 237.
16 Docket – Vol. 1, p. 238.
17 Docket – Vol. 1, pp. 247 to 258.
18 Notice of Pre-Trial Conference dated December 28, 2021, Docket – Vol. 1, pp. 270 to 271; Minutes of the hearing held on, and Order dated, March 17, 2022, Docket – Vol. 1, pp. 324 to 326.
19 Docket – Vol. 1, pp. 299 to 302.
20 *Compliance* dated March 4, 2022, Docket – Vol. 1, pp. 295 to 297.
21 Docket – Vol. 1, pp. 310 to 320.
22 Docket – Vol. 1, pp. 327 to 333.

dated April 7, 2022,[23] thereby deeming the termination of the Pre-Trial. The Pre-Trial Order dated April 20, 2022 was then issued by the Court.[24]

As trial ensued, the parties presented their respective documentary and testimonial evidence.

Petitioner offered the testimonies of the following individuals, namely: (1) Mr. Joven Lee Raymundo,[25] petitioner's Director of Accounting and Finance; and, (2) Ms. Maricelle L. Ricaforte,[26] the Court-commissioned Independent Certified Public Accountant (ICPA).[27]

The *Report* of the said ICPA was submitted on August 2, 2022.[28]

On September 29, 2022, petitioner filed an *Omnibus Motion* with *Manifestation*,[29] praying for the Court to: (1) allow the recall of its witness, Mr. Raymundo, for the introduction of secondary evidence; (2) hold in abeyance the submission of its formal offer of evidence; and, (3) note and reflect in the records of the case the change of its office address. No comment was filed thereon by respondent.[30]

In the Resolution dated December 15, 2022,[31] the Court (1) noted petitioner's *Manifestation*; (2) granted its *Omnibus Motion*; (3) ordered the filing of Supplemental Judicial Affidavit of Mr. Joven Lee Raymundo; (4) set the hearing for the recall of said witness; and, (5) gave petitioner a period of fifteen (15) days from the date of the presentation of its witness to file the formal offer of evidence. Thus, petitioner presented its recalled witness, Mr. Raymundo, on March 14, 2023.[32]

Within the period granted, petitioner filed its *Formal Offer of Evidence* on March 23, 2023.[33] Respondent filed his *Comment Re: Petitioner's Formal*

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[23] Docket – Vol. 1, p. 335.
[24] Docket – Vol. 1, pp. 354 to 360.
[25] Exhibit "P-45", Docket – Vol. 1, pp. 35 to 54; Minutes of the hearing held on, and Order dated, September 14, 2022, Docket – Vol. 1, pp. 421 to 423.
[26] Exhibit "P-46", Docket – Vol. 1, pp. 411 to 418; Minutes of the hearing held on, and Order dated, September 14, 2022, Docket – Vol. 1, pp. 421 to 423.
[27] *Oath of Commission* dated June 15, 2022, Docket – Vol. 1, p. 370; Minutes of the hearing held on, and Order dated, June 15, 2022, Docket – Vol. 1, pp. 369, and 371 to 372, respectively.
[28] Offered and admitted as Exhibit "P-33", Docket – Vol. 1, pp. 374 to 406.
[29] Docket – Vol. 1, pp. 424 to 427.
[30] Records Verification Report dated November 3, 2022 issued by the Judicial Records Division of this Court, Docket – Vol. 1, p. 431.
[31] Docket – Vol. 1, pp. 435 to 436.
[32] Exhibit "P-47", Docket – Vol. 1, pp. 443 to 446; Minutes of the hearing held on, and Order dated, March 14, 2023, Docket – Vol. 2, pp. 462, and 464 to 465, respectively.
[33] Docket – Vol. 2, pp. 466 to 474.

Offer of Evidence on March 27, 2023.[34] In the Resolution dated June 23, 2023,[35] the Court admitted all of petitioner's offered exhibits, *except* Exhibits "P-33", "P-23 to P-43" and "P-44", for failure to specifically state the purpose of their offer. Consequently, Exhibits "P-5-1", "P-8-1", "P-9-7 to P-9-13", "P-14-1", "P-15-1", and "P-16-1" contained in the USB were also denied.

Petitioner then filed an *Omnibus Motion (For Partial Reconsideration, and to Admit Petitioner's Exhibits)* on July 5, 2023,[36] praying for the admission of the aforementioned denied exhibits for the purpose for which they were offered, sans any comment from the respondent.[37]

For his part, respondent offered the testimonies of the following BIR personnel, namely: (1) Revenue Officer (RO) Denise R. Dayanan;[38] and (2) RO Jennefer I. Coronel.[39]

On July 17, 2023, respondent filed his *Formal Offer of Evidence*,[40] to which petitioner filed its *Comment (On Respondent's Formal Offer of Evidence dated July 13, 2023)* on July 20, 2023.[41]

In the Resolution dated September 4, 2023,[42] the Court: (1) resolved petitioner's *Omnibus Motion (For Partial Reconsideration, and to Admit Petitioner's Exhibits)* and admitted Exhibits "P-5-1", "P-8-1", "P-9-7 to P-9-13", "P-14-1", "P-15-1", "P-16-1", "P-33", "P-23 to P-43" and "P-44"; and (2) admitted all of respondent's offered evidence.

Petitioner's *Memorandum* was filed on October 12, 2023,[43] while respondent's *Memorandum* was submitted on October 16, 2023.[44]

This case was considered submitted for decision on October 19, 2023.[45] Hence, this Decision.

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[34] Docket – Vol. 2, pp. 593 to 595.
[35] Docket – Vol. 2, pp. 597 to 598.
[36] Docket – Vol. 2, pp. 601 to 605.
[37] Records Verification Report dated July 31, 2023 issued by the Judicial Records Division of this Court, Docket – Vol. 1, p. 621.
[38] Exhibit "R-7", Docket – Vol. 1, pp. 277 to 283; Minutes of hearing held on, and Order dated, July 6, 2023, Docket- Vol. 2, pp. 607 to 609.
[39] Exhibit "R-8", Docket – Vol. 1, pp. 288 to 293; Minutes of hearing held on, and Order dated, July 6, 2023, Docket- Vol. 2, pp. 607 to 609.
[40] Docket – Vol. 2, pp. 610 to 615.
[41] Docket – Vol. 2, pp. 617 to 619.
[42] Docket – Vol. 2, pp. 647 to 651.
[43] Docket – Vol. 2, pp. 622 to 644.
[44] Docket – Vol. 2, pp. 652 to 674.
[45] Minute Resolution dated October 19, 2023, Docket – Vol. 2, p. 676.

THE ISSUE

The parties stipulated the following issue for the resolution of this Court, to wit:

> Whether petitioner is entitled to tax refund for the alleged excess unutilized input VAT allocable and directly attributable to its alleged VAT zero-rated sales for the period from October 1, 2018 to December 31, 2018 (Fourth Quarter, CY 2018) amounting to ₱14,825,740.94, representing the partial denial of petitioner's administrative claim for refund.[46]

Petitioner's arguments:

Petitioner argues that the claim for refund should be granted because all the elements necessary are present. Particularly, petitioner claims that: it is a VAT-registered entity engaged in zero-rated sales of services other than processing, manufacturing, or repacking of goods; it rendered the services to a non-resident foreign corporation (NFRC) which were paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the *Bangko Sentral ng Pilipinas* (BSP); the input taxes are supported by VAT-registered invoices and official receipts (ORs); the subject input taxes are not transitional taxes; the input taxes have not been applied against output taxes; and, the input taxes are attributable to its zero-rated sales for the fourth quarter of CY 2018.

Respondent's counter-arguments:

Respondent contends that the petition must be dismissed for failure of petitioner to substantiate its administrative claim for refund; that petitioner is not entitled to the claim for refund; that petitioner failed to comply with Section 112(A) of the NIRC of 1997, as amended; that it failed to comply with the invoicing requirements under Section 113 of the NIRC of 1997, as amended; and, that tax refunds are strictly construed against the taxpayer and in favor of the government.

THE COURT'S RULING

The present *Petition for Review* is partly meritorious.

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[46] Par. B, JSFI, Docket – Vol. 1, p. 328.

Requisites under the law for the refund or issuance of tax credit certificate of input VAT.

Section 112 of the NIRC of 1997, as amended by Republic Act (R.A.) No. 10963 or the Tax Reform for Acceleration and Inclusion (TRAIN) Law,[47] provides, in part, as follows:

> SEC. 112. Refunds or Tax Credits of Input Tax. —
>
> (A) *Zero-Rated or Effectively Zero-Rated Sales.* — Any VAT-registered person, whose sales are zero-rated or effectively zero-rated may, within two (2) years after the close of the taxable quarter when the sales were made, apply for the issuance of a tax credit certificate or refund of creditable input tax due or paid attributable to such sales, except transitional input tax, to the extent that such input tax has not been applied against output tax: *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.
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> xxx xxx xxx
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> (C) *Period within which Refund of Input Taxes shall be Made.* — In proper cases, the Commissioner shall grant a refund for creditable input taxes within ninety (90) days from the date of submission of the official receipts or invoices and other documents in support of the application filed in accordance with Subsections (A) and (B) hereof: *Provided,* That should the Commissioner find that the grant of refund is not proper, the Commissioner must state in writing the legal and factual basis for the denial.
>
> In case of full or partial denial of the claim for tax refund, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim, appeal the decision with the Court of Tax Appeals: *Provided, however*, That failure on the part of any official, agent, or employee of the BIR to act on the application within the ninety (90)-day period shall be punishable under Section 269 of this Code."

Based on the foregoing provision, jurisprudence has laid down certain requisites which the taxpayer-applicant must comply with to successfully

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[47] Effective January 1, 2018.

obtain a credit/refund of input VAT. Said requisites are classified into certain categories, to wit:

As to the timeliness of the filing of the administrative and judicial claims:

1. the refund claim is filed with the BIR within two (2) years after the close of the taxable quarter when the sales were made;[48]

2. in case of full or partial denial of the refund claim rendered within a period of 90 days from the date of submission of the official receipts or invoices and other documents in support of the application, the judicial claim shall be filed with this Court within 30 days from receipt of the decision,[49] or after the expiration of the 90-day period;[50]

With reference to the taxpayer's registration with the BIR:

3. the taxpayer is a VAT-registered person;[51]

In relation to the taxpayer's output VAT:

4. the taxpayer is engaged in zero-rated or effectively zero-rated sales;[52]

5. for zero-rated sales under Section 106(A)(2)(1) and (2); 106(B);[53] and 108(B)(1) and (2), the acceptable foreign

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[48] *Intel Technology Philippines, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 166732, April 27, 2007; *San Roque Power Corporation vs. Commissioner of Internal Revenue*, G.R. No. 180345, November 25, 2009; and *AT&T Communications Services Philippines, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 182364, August 3, 2010.

[49] Refer to *Energy Development Corporation vs. Commissioner of Internal Revenue*, G.R. No. 203367, March 17, 2021; *Commissioner of Internal Revenue vs. CE Casecnan Water And Energy Company, Inc.*, G.R. No. 212727, February 1, 2023; and *Commissioner of Internal Revenue vs. Vestas Services Philippines, Inc.*, G.R. No. 255085, March 29, 2023.

[50] *Silicon Philippines, Inc. (Formerly Intel Philippines Manufacturing, Inc.) vs. Commissioner of Internal Revenue*, G.R. No. 182737, March 2, 2016.

[51] *Intel Technology Philippines, Inc. vs. Commissioner of Internal Revenue*, *supra*; *San Roque Power Corporation vs. Commissioner of Internal Revenue*, *supra*; and *AT&T Communications Services Philippines, Inc., vs. Commissioner of Internal Revenue*, *supra*.

[52] *Ibid.*

[53] Section 106(B) cited in Section 112(A) of R.A. No. 8424 was later amended by R.A. No. 9337 to pertain to Section 106(A)(2)(b). Accordingly, Section 112(A), as amended by R.A. No. 9337, reads as follows:

"SEC. 112. *Refunds or Tax Credits of Input Tax.* —
(A) *Zero-Rated or Effectively Zero-Rated Sales.* — Any VAT-registered person, whose sales are zero-rated or effectively zero-rated may, within two (2) years after the close of the taxable quarter when the sales were made, apply for the issuance of a tax credit certificate or refund of creditable input tax due or paid attributable to such sales, except transitional input tax, to the extent that such input tax has not been applied against output tax: Provided, however, That in the case of zero-rated sales under **Section 106(A)(2)**(a)(1), (2) and (**b**) and

currency exchange proceeds have been duly accounted for in accordance with the BSP rules and regulations;[54]

As regards the taxpayer's input VAT being refunded:

6. the input taxes are not transitional input taxes;[55]

7. the input taxes are due or paid;[56]

8. the input taxes claimed are attributable to zero-rated or effectively zero-rated sales. However, where there are both zero-rated or effectively zero-rated sales and taxable or exempt sales, and the input taxes cannot be directly and entirely attributable to any of these sales, the input taxes shall be proportionately allocated on the basis of sales volume;[57] and

9. the input taxes have not been applied against output taxes during and in the succeeding quarters.[58]

In addition, in claims for VAT refund/credit, applicants must satisfy the substantiation and invoicing requirements under the NIRC of 1997, as amended, and other implementing rules and regulations.[59] Thus, petitioner's compliance with all the VAT invoicing requirements is required to be able to file a claim for input taxes attributable to zero-rated sales.[60] The invoicing and substantiation requirements should be followed because it is the only way

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Section 108(B)(1) and (2), the acceptable foreign currency exchange proceeds thereof had been duly accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP): Provided, further, That where the taxpayer is engaged in zero-rated or effectively zero-rated sale and also in taxable or exempt sale of goods or properties or services, and the amount of creditable input tax due or paid cannot be directly and entirely attributed to any one of the transactions, it shall be allocated proportionately on the basis of 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." (*Emphasis supplied*)

However, in view of the amendments introduced by RA No. 10963, Section 106(A)(2)(b) is now deleted.

54 *Intel Technology Philippines, Inc. vs. Commissioner of Internal Revenue*, supra; *San Roque Power Corporation vs. Commissioner of Internal Revenue*, supra; and *AT&T Communications Services Philippines, Inc. vs. Commissioner of Internal Revenue*, supra.

55 *Ibid.*

56 *Ibid.*

57 *Intel Technology Philippines, Inc. vs. Commissioner of Internal Revenue*, supra; and *San Roque Power Corporation vs. Commissioner of Internal Revenue, supra.*

58 *Intel Technology Philippines, Inc. vs. Commissioner of Internal Revenue, supra*; *San Roque Power Corporation vs. Commissioner of Internal Revenue, supra*; and *AT&T Communications Services Philippines, Inc. vs. Commissioner of Internal Revenue, supra.*

59 *Team Energy Corporation vs. Commissioner of Internal Revenue, et seq.*, G.R. Nos. 197663 and 197770, March 14, 2018.

60 *J.R.A. Philippines, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 171307, August 28, 2013.

to determine the veracity of the taxpayer's claims.[61] Moreover, it must be pointed out that compliance with all the VAT invoicing requirements provided by tax laws and regulations is mandatory.[62]

Strict compliance with substantiation and invoicing requirements is necessary considering VAT's nature and VAT system's tax credit method, where tax payments are based on output and input taxes and where the seller's output tax becomes the buyer's input tax that is available as tax credit or refund in the same transaction. It ensures the proper collection of taxes at all stages of distribution, facilitates computation of tax credits, and provides accurate audit trail or evidence for BIR monitoring purposes.[63]

Furthermore, it must be emphasized that in cases filed before this Court, which are litigated *de novo*, party-litigants must prove every minute aspect of their case.[64] Thus, it behooves petitioner to show compliance with each of the foregoing requisites and invoicing requirements. As a corollary, the absence of *any* of the said requisites is already a valid ground to deny the refund claim.

***First and second requisites:* Petitioner timely filed its administrative and judicial claims.**

The *first* requisite pertains to the filing of a claim for tax refund or tax credit of input VAT before the BIR, within two (2) years from the close of the taxable quarter when the zero-rated or effectively zero-rated sales were made.

The present claim covers the period from October 1, 2018 to December 31, 2018 or the fourth quarter of CY 2018. Counting two (2) years from the close of the said quarter, the table below indicates the pertinent last day for the filing of an administrative claim, to wit:

CY 2018	Close of the taxable quarter	Last day to file administrative claim
Fourth Quarter	December 31, 2018	December 31, 2020

[61] *Nippon Express (Philippines) Corporation vs. Commissioner of Internal Revenue*, G.R. No. 191495, July 23, 2018.
[62] *Eastern Telecommunications Philippines, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 183531, March 25, 2015.
[63] *Team Energy Corporation vs. Commissioner of Internal Revenue, et seq.*, supra.
[64] *Edison (Bataan) Cogeneration Corporation vs. Commissioner of Internal Revenue, et seq.*, G.R. Nos. 201665 and 201668, August 30, 2017; *Commissioner of Internal Revenue vs. Philippine National Bank*, G.R. No. 180290, September 29, 2014; *Commissioner of Internal Revenue vs. United Salvage and Towage (Phils.), Inc.*, G.R. No. 197515, July 2, 2014; *Dizon vs. Court of Tax Appeals, et al.*, G.R. No. 140944, April 30, 2008; *Atlas Consolidated Mining and Development Corporation vs. Commissioner of Internal Revenue*, G.R. No. 145526, March 16, 2007; and *Commissioner of Internal Revenue vs. Manila Mining Corporation*, G.R. No. 153204, August 31, 2005.

Hence, petitioner timely filed its letter dated December 3, 2020, along with the *Application for Tax Credits / Refunds* (BIR Form No. 1914) in the amount of ₱17,172,969.28 on **December 4, 2020.**[65]

As regards the *second* requisite, the same necessitates that the judicial claim must have been filed within 30 days from receipt of respondent's decision or after the expiration of the 90-day period under Section 112(C) of the NIRC of 1997, as amended. Thus, from the filing of petitioner's administrative claim on December 4, 2020, respondent had ninety (90) days therefrom or until March 4, 2021 to act on the said claim.

Petitioner received the *VAT Refund Notice* dated February 2, 2021, which partially denied its claim for refund, within the ninety (90)-day period or on February 23, 2021.[66] Counting thirty (30) days therefrom, petitioner had until March 25, 2021, within which to file its judicial claim for refund.

However, due to the surge of Covid-19 cases, the Supreme Court (SC) ordered the physical closure of courts in the National Capital Judicial Region (NCJR) and nearby provinces, and suspended the time for filing of pleadings and other court submissions, beginning **March 25, 2021**, as follows:

Issuance	Date Issued	Subject Matter/Content
Announcement[67]	March 25, 2021	Physical Closure of NCJR Courts, Nearby Provinces on March 25-26, 2021 *"In view of the rising cases of COVID-19 in the National Capital Region and the nearby provinces of Bulacan, Cavite, Laguna and Rizal ('Nearby Provinces'), Chief Justice Diosdado M. Peralta orders the physical closure of all courts and court offices in the NCJR (Supreme Court, Court of Appeals, Court of Tax Appeals, Sandiganbayan, and trial courts) and in nearby provinces beginning at 2 P.M. today, March 25, 2021, until tomorrow, March 26, 2021."*
Announcement[68]	March 27, 2021	Re: Physical closure of courts in the National Capital Judicial Region and nearby provinces from March 29 to 31, 2021 and throughout the Holy Week *"In view of the alarming surge of COVID-19 cases and upon consultation with the members of the Court En Banc, as well as the heads of the concerned offices, the* ***physical closure*** *of all courts and court offices (Supreme Court, Court of Appeals, Court of Tax Appeals, Sandiganbayan, and trial*

[65] Exhibits "P-19" and "P-20", Docket – Vol. 2, pp. 575 to 588.
[66] Exhibits "P-4" and "R-5", BIR Records (Exhibit "R-6"), p. 310; Par. 7, *Petition for Review*, Docket – Vol. I, p. 11.
[67] The Supreme Court of the Philippines Website, March 25, 2021, https://sc.judiciary.gov.ph/re-physical-closure-of-ncjr-courts-nearby-provinceson-march-25-26-2021/
[68] The Supreme Court of the Philippines Website, March 27, 2021, https://sc.judiciary.gov.ph/re-physical-closure-of-courts-in-the-national-capital-judicial-region-and-nearby-provinces-from-march-29-to-31-2021-and-throughout-the-holy-week/

Issuance	Date Issued	Subject Matter/Content
		*courts) in the National Capital Judicial Region, and nearby provinces of Bulacan, Cavite, Laguna, and Rizal is hereby **EXTENDED** effective **March 29 (Monday) to March 31 (Wednesday), 2021 and throughout the Holy Week.**"*
AC No. 14-2021	March 28, 2021	RE: EXTENSION OF FILING PERIODS FOR PLEADINGS/COURT SUBMISSIONS FOR COURTS IN THE NATIONAL CAPITAL JUDICIAL REGIONS AND NEARBY PROVINCES PLACED UNDER ENHANCED COMMUNITY QUARANTINE FROM MARCH 29 TO APRIL 4, 2021 *"Considering that the National Capital Region and nearby provinces of Bulacan, Cavite, Laguna, and Rizal have been placed under Enhanced Community Quarantine beginning March 29 until April 4, 2021, the filing periods of pleadings and other court submissions that fall due during the period from **March 29 to March 31, 2021** are hereby **EXTENDED** for three (3) calendar days, counted from April 5, 2021, xxx"*
AC No. 15-2021	April 3, 2021	RE: EXTENSION OF THE PHYSICAL CLOSURE OF COURTS AND THE FILING PERIODS FOR PLEADINGS AND OTHER COURT SUBMISSIONS IN LIGHT OF THE FURTHER EXTENSION OF THE ENHANCED COMMUNITY QUARANTINE FROM APRIL 5 TO APRIL 11, 2021. *"Likewise, the **filing periods** of pleadings and other court submissions that fell due or would fall due <u>during the period beginning from **March 29** to **April 11, 2021**</u> are hereby **EXTENDED** for seven (7) calendar days, counted from April 12, 2021. xxx"*
AC No. 21-2021	April 10, 2021	**RE: EXTENSION OF PHYSICAL CLOSURE OF COURT** *"Considering the unabated rise of COVID-19 cases, the requests of the judges and court personnel, and upon the concurrence of the members of the Court en banc, ALL the courts and judicial offices in the National Capital Judicial Region and the provinces of Bulacan, Cavite, Laguna, and Rizal (NCJR+) shall remain physically closed until 18 April 2021. xxx xxx xxx.* *The time for filing and service of pleadings and motions during this period is SUSPENDED and shall resume seven (7) calendar days counted from the first day of physical reopening of the relevant court."*
AC No. 22-2021	April 14, 2021	**RE: PHYSICAL CLOSURE OF COURTS IN ENHANCED COMMUNITY QUARATINE AND MODIFIED ENHANCED COMMUNITY QUARANTINE AREAS** *"Considering that the National Capital Region, and the provinces of Abra, Bulacan, Cavite, Laguna, Quirino and Rizal, and Santiago City are under Modified Enhanced Community Quarantine (MECQ) until 30 April 2021, the physical closure of courts in the said areas is likewise extended to 30 April 2021. xxx xxx xxx.*

Issuance	Date Issued	Subject Matter/Content
		The time for filing and service of pleadings and motions during this period is SUSPENDED and shall resume seven (7) calendar days counted from the first day of physical reopening of the relevant court."
AC No. 29-2021	April 30, 2021	**RE: WORK ARRANGEMENTS IN COURTS ON 3 – 14 MAY 2021** *"Considering that the National Capital Region, the provinces of Abra, Bulacan, Cavite, Laguna, Quirino, and Rizal, and Santiago City, Isabela, continue to be under Modified Enhanced Community Quarantine (MECQ) until 14 May 2021, ALL first and second level courts, and appellate collegiate courts, and their judicial offices in the said areas shall continue to be physically closed until 14 May 2021. xxx xxx xxx.* *The time for filing and service of pleadings and motions during this period in these areas is SUSPENDED and shall resume after seven (7) calendar days counted from the first day of the physical reopening of the relevant court."*
AC No. 33-2021	May 14, 2021	**RE: COURT OPERATIONS STARTING 17 MAY 2021** *"Considering that the National Capital Region and nearby provinces of Bulacan, Cavite, Laguna, and Rizal, together with some provinces and cities, have been placed under General Community Quarantine (GCQ) starting 15 May until 31 May 2021, all first and second level courts, and appellate collegiate courts (except the Supreme Court),* ***and the judicial offices in these areas under GCQ shall be physically opened with a skeleton force of at least thirty percent (30%) to at most fifty percent (50%), beginning 17 May 2021 until further notice."***

From the foregoing SC issuances, all appellate collegiate courts within the NCR physically reopened on **May 17, 2021**. Counting seven (7) calendar days therefrom, the period for filing and service of motions, pleadings, and other court submissions resumed on **May 24, 2021**.

As mentioned, petitioner filed the present *Petition for Review* via e-mail on March 24, 2021[69] pursuant to CTA *En Banc* Resolution No. 4-2021,[70] and subsequently via personal submission on **May 17, 2021**.[71] Thus, the judicial claim was also timely filed.

Accordingly, the Court finds that petitioner complied with the above-stated *first* and *second* requisites.

[69] Docket – Vol. 1, p. 8.
[70] Pleadings, Motions and Other Court Submissions Filed by Email.
[71] Docket – Vol. 1, pp. 9 to 31.

<u>Third requisite</u>: Petitioner is a VAT-registered entity.

Anent the *third* requisite, it is undisputed that petitioner is a VAT-registered entity with TIN 009-438-752-00000 as indicated in its BIR Certificate of Registration.[72] Thus, petitioner has also shown compliance with the said requisite.

<u>Fourth and fifth requisites</u>: Petitioner had zero-rated sales/receipts for the fourth quarter of CY 2018 paid in acceptable foreign currency duly accounted for in accordance with the BSP rules and regulations.

The *fourth* and *fifth* requisites, respectively, require that the taxpayer is engaged in zero-rated or effectively zero-rated sales; and that for zero-rated sales under Sections 106(A)(2)(a)(1), (2) and (B)[73], and 108(B)(1) and (2) of the NIRC of 1997, as amended, the acceptable foreign currency exchange proceeds have been duly accounted for in accordance with BSP rules and regulations.

Petitioner claims that it had VAT zero-rated sales for the period October 1, 2018 to December 31, 2018; that these are service fees earned from the management consultancy services rendered to RCL Cruises Ltd. (Formerly RCL Worldwide Ltd.), also referred to as RCL UK, an NRFC engaged in business outside the Philippines; and, that said service fees were paid for in acceptable foreign currency inwardly remitted by RCL UK to the Philippines and duly accounted for in accordance with the BSP rules and regulations, thus, subject to VAT at zero percent (0%) rate pursuant to Section 108(B)(2) of the NIRC of 1997, as amended,[74] which reads:

> 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:

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[72] Exhibit "P-3", Docket – Vol. 2, p. 490.

[73] Section 106(B) cited in Section 112(A) of RA No. 8424 was later amended by RA No. 9337 to pertain to Section 106(A)(2)(b). However, in view of the amendments introduced by RA No. 10963, Section 106(A)(2)(b) is now deleted.

[74] Pars. 18, 19 and 20, *Petition for Review*, Docket – Vol. 1, pp. 14 to 15.

(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);

(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)**; xxx *(Emphasis supplied)*

Based on the foregoing provision, certain essential elements must be present for a sale or supply of services to be subject to the VAT rate of zero percent (0%), to wit:

1) The recipient of the services is a foreign corporation, and the said corporation is doing business outside the Philippines, or is a non-resident person not engaged in business who is outside the Philippines when the services are performed;[75]

2) The services fall under any of the categories under Section 108(B)(2),[76] or simply, the services rendered should be other than "processing, manufacturing or repacking goods";[77]

3) The service must be performed in the Philippines[78] by a VAT-registered person; and,

4) The payment for such services should be in acceptable foreign currency accounted for in accordance with BSP rules.[79]

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[75] *Sitel Philippines Corporation (Formerly Clientlogic Phils. Inc.) vs. Commissioner of Internal Revenue,* G.R. No. 201326, February 08, 2017; *Commissioner of Internal Revenue vs. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.,* G.R. No. 153205, January 22, 2007; *Accenture, Inc. vs. Commissioner of Internal Revenue,* G.R. No. 190102, July 11,2012.

[76] *Commissioner of Internal Revenue vs. American Express International, Inc. (Philippine Branch),* G.R. No. 152609, June 29, 2005.

[77] *Commissioner of Internal Revenue vs. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.,* G.R. No. 153205, January 22, 2007.

[78] *Id.*

[79] *Commissioner of Internal Revenue vs. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.,* supra; *Commissioner of Internal Revenue vs. American Express International, Inc. (Philippine Branch),* supra.

(1) RCL UK is an NRFC doing business outside the Philippines

For the *first* essential element, in order to be considered as an NRFC doing business outside the Philippines, each entity must be supported, at the very least, by **both** a *Certification of Non-Registration of Corporation/Partnership* issued by the Philippine SEC, **and** proof of incorporation/registration in a foreign country (*e.g.*, *Articles/Certificate of Incorporation/Registration* and/or *Tax Residence Certificate*). The former establishes that the recipient of the service has no registered business in the Philippines, and that it is not engaged in trade or business within the Philippines; while the latter proves that the said recipient of the service is indeed foreign. The said documents have been consistently required by this Court for purposes of the said *first* essential element. In fact, in *Commissioner of Internal Revenue vs. Deutsche Knowledge Services Pte. Ltd.*,[80] the Supreme Court affirmed the necessity of presenting the said documents in this wise:

> **For purposes of zero-rating under Section 108(B)(2) of the Tax Code, the claimant must establish the two components of a client's NRFC[81] status, *viz.*: (1) that their client was established under the laws of a country not the Philippines or, simply, is not a domestic corporation; and (2) that it is not engaged in trade or business in the Philippines. To be sure, there must be sufficient proof of both of these components: showing not only that the clients are foreign corporations, but also are not doing business in the Philippines.**
>
> Such proof must be especially required from ROHQs such as DKS. That the law expressly authorizes ROHQs to render services to local and foreign affiliates alike only stresses the ROHQ's burden to distinguish among their clients' nationalities and actual places of business operations and establish that they are seeking refund or credit of input VAT only to the extent of their sales of services to foreign clients doing business outside the Philippines.
>
> To recall, the CTA found that the SEC Certification of Non-Registration of Company and Authenticated Articles of Association and/or Certificates of Registration/Good Standing/Incorporation sufficiently established the NRFC status of 11 of DKS's affiliates clients.
>
> The Court upholds these findings.
>
> The Court accords the CTA's factual findings with utmost respect, if not finality, because the Court recognizes that it has necessarily developed an expertise on tax matters. Significantly, both the CTA Division and CTA *En Banc* gave credence to the aforementioned documents as sufficient proof of NRFC status. The Court shall not disturb its findings without any showing of grave abuse of discretion considering that the members of the

[80] G.R. No. 234445, July 15, 2020.
[81] That is, "Nonresident foreign corporation".

> tax court are in the best position to analyze the documents presented by the parties.
>
> In any case, after a judicious review of the records, the Court still do not find any reason to deviate from the court *a quo's* findings. **To the Court's mind, the SEC Certifications of Non-Registration show that these affiliates are foreign corporations. On the other hand, the articles of association/certificates of incorporation stating that these affiliates are registered to operate in their respective home countries, outside the Philippines are *prima facie* evidence that their clients are not engaged in trade or business in the Philippines.** *(Emphasis and underscoring supplied)*

In the present case, petitioner satisfied the *first* essential element as it proved that RCL UK is an NRFC doing business outside the Philippines, as evidenced by the *Certification of Non-Registration of Company* issued by the SEC,[82] and its *Apostilled Certificate of Incorporation on Change of Name* with attached *Memorandum and Articles of Association.*[83]

(2) Services rendered by petitioner fall within the scope of other than "processing, manufacturing or repacking goods"

With regard to the *second* essential element, petitioner submitted its *Cost Plus Agreement* with RCL UK executed on January 1, 2017,[84] indicating in *Schedule 1* thereof[85] that the services to be provided by petitioner includes marine purchasing services, IT application support and services, IT operations support and services, and other services as and when agreed between the parties in accordance with Section CI.7 of the said agreement. These services clearly fall within the scope of *"services other than processing, manufacturing or repacking goods"*; hence, petitioner fulfilled the *second* essential element.

(3) Services were rendered in the Philippines

As to the *third* essential element, *i.e.,* the services must be performed in the Philippines by a VAT-registered person, an examination of the above *Cost Plus Agreement*[86] reveals that the same has no provision as to where the services are to be performed by petitioner. However, based on the testimony

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[82] Exhibit "P-5-1", USB (Offered and admitted as Exhibit "P-44").
[83] Exhibits "P-6" and "P-6-1", Docket – Vol. 2, pp. 491 to 516.
[84] Exhibits "P-7" and "P-7-1", Docket – Vol. 1, pp. 447 to 456; USB (Offered and admitted as Exhibit "P-44").
[85] Exhibit "P-7-1", Docket – Vol. 1, p. 455.
[86] Exhibits "P-7" and "P-7-1", Docket – Vol. 1, pp. 449 to 456; and USB (Offered and admitted as Exhibit "P-44").

of petitioner's Director of Accounting and Finance, Mr. Raymundo, in his Judicial Affidavit, petitioner sold, or otherwise rendered, services in the Philippines to RCL UK, an NRFC that is engaged in business outside the Philippines.[87] Thus, the Court finds the same sufficient to establish that the services were actually performed by petitioner in the Philippines. Correspondingly, petitioner satisfactorily complied with the said *third* essential element.

(4) Service fees were remitted in acceptable foreign currency duly accounted for in accordance with BSP rules and regulations.

We proceed to the determination of the *fourth* essential element which corresponds to the *fifth* requisite that requires, for zero-rated sales under Sections 108(B)(2) of the NIRC of 1997, as amended, the acceptable foreign currency exchange proceeds have been duly accounted for in accordance with BSP rules and regulations.

The foreign currency remittances referred to under Section 108(B)(2) must not only be duly accounted for in accordance with the rules and regulations of the BSP, but must also comply with the pertinent invoicing requirements, containing all the required information under Section 113(A) and (B) of the NIRC of 1997, as amended, to wit:

> SEC. 113. *Invoicing and Accounting Requirements for VAT-registered Persons.* —
>
> (A) *Invoicing Requirements.* — A VAT-registered person shall issue:
>
> (1) A VAT invoice for every sale, barter or exchange of goods or properties; and
>
> (2) A VAT official receipt for every lease of goods or properties, and for every sale, barter or exchange of services.
>
> (B) *Information Contained in the VAT Invoice or VAT Official Receipt.* — The following information shall be indicated in the VAT invoice or VAT official receipt:
>
> (1) A statement that the seller is a VAT-registered person, followed by his Taxpayer's Identification Number (TIN);
>
> (2) The total amount which the purchaser pays or is obligated to pay to the seller with the indication that such amount includes the value-added tax: *Provided*, That:

[87] Exhibit "P-45", Docket – Vol. 1, p. 40.

(a) The amount of the tax shall be shown as a separate item in the invoice or receipt;

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

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

(d) If the sale involves goods, properties or services some of which are subject to and some of which are VAT zero-rated or VAT-exempt, the invoice or receipt shall clearly indicate the break-down of the sale price between its taxable, exempt and zero-rated components, and the calculation of the value-added tax on each portion of the sale shall be shown on the invoice or receipt: *Provided*, That the seller may issue separate invoices or receipts for the taxable, exempt, and zero-rated components of the sale.

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

(4) In the case of sales in the amount of One thousand pesos (₱1,000) or more where the sale or transfer is made to a VAT-registered person, the name, business style, if any, address and Taxpayer Identification Number (TIN) of the purchaser, customer or client.

These provisions are further implemented by Section 4.113-1(A) and (B) of Revenue Regulations (RR) No. 16-2005, as amended:

SEC. 4.113-1. *Invoicing Requirements.* —

(A) *A VAT-registered person shall issue:* —

(1) A VAT invoice for every sale, barter or exchange of goods or properties; and

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

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:

(a) The amount of tax shall be shown as a separate item in the invoice or receipt;

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

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

(d) If the sale involves goods, properties or services some of which are subject to and some of which are VAT zero-rated or VAT-exempt, the invoice or receipt shall clearly indicate the break-down of the sale price between its taxable, exempt and zero-rated components, and the calculation of the VAT on each portion of the sale shall be shown on the invoice or receipt. The seller has the option to issue separate invoices or receipts for the taxable, exempt, and zero-rated components of the sale.

(3) In the case of sales in the amount of one thousand pesos (₱1,000.00) or more where the sale or transfer is made to a VAT-registered person, the name, business style, if any, address and TIN of the purchaser, customer or client, shall be indicated in addition to the information required in (1) and (2) of this Section.

In addition to the above requirements, the sales invoices and ORs must be duly registered with the BIR as prescribed under Section 237, in relation to Section 238, of the NIRC of 1997, as amended, to wit:

SEC. 237. *Issuance of Receipts or Sales or Commercial Invoices.* —

(A) *Issuance.* – All persons subject to an internal revenue tax shall, at the point of each sale or transfer of merchandise or for services rendered

> valued at One hundred pesos (₱100) or more, issue duly registered receipts or sale or commercial invoices, prepared at least in duplicate, showing the date of transaction, quantity, unit cost and description of merchandise or nature of service: xxx
>
> xxx xxx xxx
>
> SEC. 238. *Printing of Receipts or Sales or Commercial Invoices.* — All persons who are engaged in business shall secure from the Bureau of Internal Revenue an authority to print receipts or sales or commercial invoices before a printer can print the same
>
> No authority to print receipts or sales or commercial invoices shall be granted unless the receipts or invoices to be printed are serially numbered and shall show, among other things, the name, business style, Taxpayer Identification Number (TIN) and business address of the person or entity to use the same, and such other information that may be required by rules and regulations to be promulgated by the Secretary of Finance, upon recommendation of the Commissioner.

Since petitioner's claimed zero-rated sales are in the nature of sales of services under Section 108(B)(2) of the NIRC of 1997, as amended, petitioner is required to issue BIR-registered VAT ORs for the foreign currency proceeds of each sale transaction, of which the information contained therein must be in compliance with the applicable provisions previously cited.

In its *Quarterly VAT Return* for the fourth quarter of CY 2018, petitioner declared total zero-rated sales/receipts in the amount of ₱515,127,148.92.[88] The said sales/receipts represent the Philippine peso equivalent of US$9,745,122.00 collected by petitioner from RCL UK on December 26, 2018 per OR No. 000001[89] as payment for the abovementioned services rendered by petitioner for the periods January 1, 2017 to December 31, 2017, and January 1, 2018 to October 2018.[90]

A scrutiny of the VAT OR[91] supporting petitioner's foreign currency receipts of US$9,745,122.00 shows that the same is compliant with the invoicing requirements under the law and regulations.

Moreover, petitioner presented the *Certification of Inward Remittances* issued by JPMorgan Chase Bank, N.A,[92] proving that the amount of US$9,745,122.00 was inwardly remitted in US Dollars (USD) on December 26, 2018, and accounted for in accordance with BSP rules and regulations.

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88 Exhibit "P-17", USB.
89 Exhibit "P-8-1", USB.
90 Exhibits "P-9-7" to "P-9-13", USB.
91 Exhibit "P-8-1", USB.
92 Exhibit "P-11", USB.

As such, petitioner was able to establish that the entire reported amount of ₱515,127,148.92 represents valid zero-rated sales/receipts for the fourth quarter of CY 2018, hence, satisfying the *fourth* and *fifth* requisites for the grant of input VAT refund.

<u>Sixth requisite</u>: The input VAT being claimed does not appear to be transitional input taxes.

The claimed input taxes do not appear to be transitional input taxes, as understood under Section 111(A) of the NIRC of 1997, as amended. Transitional input tax credit operates to benefit newly VAT-registered persons, whether or not they previously paid taxes in the acquisitions of their beginning inventory of goods, materials and supplies. During the period of transition from non-VAT to VAT status, the transitional input tax credit serves to alleviate the impact of the VAT on the taxpayer.[93]

Since there is no showing that the above-stated input VAT are transitional input VAT, the *sixth* requisite is likewise fulfilled.

<u>Seventh requisite</u>: Out of petitioner's input VAT being claimed for refund, only the amount of ₱7,038,142.81 was duly substantiated.

Anent the *seventh* requisite, it is important for petitioner to prove that input taxes claimed were actually due or paid in accordance with Section 110(A) of the NIRC of 1997, as amended, which states:

> SEC. 110. *Tax Credits.* —
>
> (A) *Creditable input Tax.* —
>
> (1) Any input tax evidenced by a VAT invoice or official receipt issued in accordance with Section 113 hereof on the following transactions shall be creditable against the output tax:
>
> (a) Purchase or importation of goods:
>
> (i) For sale; or

[93] *Fort Bonifacio Development Corporation vs. Commissioner of Internal Revenue*, G.R. Nos. 158885 and 170680, April 2, 2008.

> (ii) For conversion into or intended to form part of a finished product for sale including packaging materials; or
>
> (iii) For use as supplies in the course of business; or
>
> (iv) For use as materials supplied in the sale of service; or
>
> (v) For use in trade or business for which deduction for depreciation or amortization is allowed under this Code.
>
> (b) Purchase of services on which a value-added tax has actually been paid.
>
> (2) The input tax on domestic purchase or importation of goods or properties by a VAT-registered person shall be creditable:
>
> (a) To the purchaser upon consummation of sale and on importation of goods or properties; and
>
> (b) To the importer upon payment of the value-added tax prior to the release of the goods from the custody of the Bureau of Customs.
>
> *Provided*, That the input tax on goods purchased or imported in a calendar month for use in trade or business for which deduction for depreciation is allowed under this Code, shall be spread evenly over the month of acquisition and the fifty-nine (59) succeeding months if the aggregate acquisition cost for such goods, excluding the VAT component thereof, exceeds One million pesos (₱1,000,000): *Provided, however,* That if the estimated useful life of the capital good is less than five (5) years, as used for depreciation purposes, then the input VAT shall be spread over such a shorter period: *Provided, further,* That the amortization of the input VAT shall only be allowed until December 31, 2021 after which taxpayers with unutilized input VAT on capital goods purchased or imported shall be allowed to apply the same as scheduled until fully utilized: *Provided, finally,* That in the case of purchase of services, lease or use of properties, the input tax shall be creditable to the purchaser, lessee or licensee upon payment of the compensation, rental, royalty or fee.

The above provisions are implemented by Sections 4.110-1 to 4.110-3 of RR No. 16-2005, which provide as follows:

> SECTION 4.110-1. *Credits For Input Tax.* — "Input tax" means the VAT due on or paid by a VAT-registered person on importation of goods or local purchases of goods, properties, or services, including lease or use of properties, in the course of his trade or business. It shall also include the transitional input tax and the presumptive input tax determined in accordance with Sec. 111 of the Tax Code.
>
> It includes input taxes which can be directly attributed to transactions subject to the VAT plus a ratable portion of any input tax which cannot be directly attributed to either the taxable or exempt activity.

Any input tax on the following transactions evidenced by a VAT invoice or official receipt issued by a VAT-registered person in accordance with Secs. 113 and 237 of the Tax Code shall be creditable against the output tax:

Any input tax on the following transactions evidenced by a VAT invoice or official receipt issued by a VAT-registered person in accordance with Secs. 113 and 237 of the Tax Code shall be creditable against the output tax:

(a) Purchase or importation of goods

(1) For sale; or

(2) For conversion into or intended to form part of a finished product for sale, including packaging materials; or

(3) For use as supplies in the course of business; or

(4) For use as raw materials supplied in the sale of services; or

(5) For use in trade or business for which deduction for depreciation or amortization is allowed under the Tax Code,

(b) Purchase of real properties for which a VAT has actually been paid;

(c) Purchase of services in which a VAT has actually been paid;

xxx xxx xxx

SECTION 4.110-2. *Persons Who Can Avail of the Input Tax Credit.* — The input tax credit on importation of goods or local purchases of goods, properties or services by a VAT-registered person shall be creditable:

(a) To the importer upon payment of VAT prior to the release of goods from customs custody;

(b) To the purchaser of the domestic goods or properties upon consummation of the sale; or

(c) To the purchaser of services or the lessee or licensee upon payment of the compensation, rental, royalty or fee.

SECTION 4.110-3. *Claim for Input Tax on Depreciable Goods.* — Where a VAT-registered person purchases or imports capital goods, which are depreciable assets for income tax purposes, the aggregate acquisition cost of which (exclusive of VAT) in a calendar month exceeds One Million pesos (₱1,000,000.00), regardless of the acquisition cost of each capital good, shall be claimed as credit against output tax in the following manner:

> (a) If the estimated useful life of a capital good is five (5) years or more — The input tax shall be spread evenly over a period of sixty (60) months and the claim for input tax credit will commence in the calendar month when the capital good is acquired. The total input taxes on purchases or importations of this type of capital goods shall be divided by 60 and the quotient will be the amount to be claimed monthly.
>
> (b) If the estimated useful life of a capital good is less than five (5) years — The input tax shall be spread evenly on a monthly basis by dividing the input tax by the actual number of months comprising the estimated useful life of the capital good. The claim for input tax credit shall commence in the calendar month that the capital goods were acquired.
>
> Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed One million pesos (₱1,000,000.00), the total input taxes will be allowable as credit against output tax in the month of acquisition; Provided, however, that the total amount of input taxes (input tax on depreciable capital goods plus other allowable input taxes) allowed to be claimed against the output tax in the quarterly VAT Returns shall be subject to the limitation prescribed under Sec. 4.110-7 of these Regulations.
>
> The aggregate acquisition cost of a depreciable asset in any calendar month refers to the total price agreed upon for one or more assets acquired and not on the payments actually made during the calendar month. Thus, an asset acquired in installment for an acquisition cost of more than ₱1,000,000.00 will be subject to the amortization of input tax despite the fact that the monthly payments/installments may not exceed ₱1,000,000.00.
>
> xxx xxx xxx
>
> If the depreciable capital good is sold/transferred within a period of five (5) years or prior to the exhaustion of the amortizable input tax thereon, the entire unamortized input tax on the capital goods sold/transferred can be claimed as input tax credit during the month/quarter when the sale or transfer was made but subject to the limitation prescribed under Sec. 4.110-7 of these Regulations.

Thus, in order for petitioner to prove that its input taxes were actually due or paid, the same must be duly substantiated by supporting documents prescribed under Section 4.110-8 of RR No. 16-2005. Furthermore, said documents must likewise comply with the invoicing requirements under Sections 113(A) and (B), 237 and 238 of the NIRC of 1997, as amended, and implemented by Section 4.113-1(A) and (B) of RR No. 16-2005.

In its *Quarterly VAT Return* for the fourth quarter of CY 2018,[94] petitioner reported total allowable input VAT of ₱17,172,969.28, which consists of ₱14,195,993.64 input VAT carried-over from the previous period

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[94] Exhibit "P-17", USB.

and ₱2,976,975.64 input VAT for the fourth quarter of CY 2018, broken down as follows:

Input VAT Carried Over from Previous Period			₱ 14,195,993.64
Input VAT for the 4th Quarter CY 2018			
Input VAT on Purchases of Goods Other than Capital Goods		₱ 70,077.78	
Input VAT on Domestic Purchases of Services		2,891,256.22	
Amortization of Input VAT on Capital Goods Exceeding ₱1Million			
Input VAT Deferred on Capital Goods Exceeding ₱1Million from Previous Period	₱ 271,122.06		
Less: Input VAT on Purchases of Capital Goods Exceeding ₱1Million Deferred for the Succeeding Period	255,480.42	15,641.64	2,976,975.64
Total Allowable Input VAT			**₱ 17,172,969.28**

Per the *VAT Refund Notice* dated February 2, 2021,[95] out of the ₱17,172,969.28 input VAT subject of petitioner's administrative claim, respondent only granted the refund of ₱2,347,228.34, while the remaining ₱14,825,740.94 was denied due to the following grounds:

Reason for Disallowance	Input VAT Claim
Prescribed and/or out of period input VAT included in the claim	₱ 14,195,993.64
Disallowed input tax due to non-compliance with the invoicing requirements pursuant to Section 113 of the NIRC of 1997, as amended	420,694.66
Big-ticket disallowance	209,052.64
Total Disallowances	**₱14,825,740.94**

Considering that petitioner is already amenable to respondent's disallowance of input VAT due to non-compliance with the invoicing requirements under Section 113 of the NIRC of 1997, as amended, amounting to ₱420,694.66, as well as the input VAT from big-ticket purchases amounting to ₱209,052.64,[96] petitioner therefore only assails the denial of input VAT amounting to **₱14,195,993.64** for allegedly being prescribed and/or out of period.

Citing the cases of *Commissioner of Internal Revenue vs Mirant Pagbilao Corp.*[97] and *Luzon Hydro Corp. vs Commissioner of Internal Revenue,*[98] petitioner argues that the ₱14,195,993.64 input tax carry-over from previous quarters may still be claimed since it did not have any zero-rated sales for the first to third quarters of CY 2018, but only during the fourth quarter of CY 2018.

[95] Exhibits "P-4" and "R-5", BIR Records (Exhibit "R-6"), p. 310.
[96] Par. 84, petitioner's Memorandum, Docket – Vol. 2, pp. 641 to 642.
[97] G.R. No. 172129, dated September 12, 2008.
[98] G.R. No. 188260 dated November 13, 2013.

Petitioner also claims that it complied with all the requirements set forth under Revenue Memorandum Circular (RMC) No. 42-2003 for the VAT input credits carried over from the previous period to be allowed for VAT refund.

We agree with petitioner's contention.

Pertinent thereto is the case of *Maibarara Geothermal, Inc. vs Commissioner of Internal Revenue*,[99] wherein the Supreme Court ruled that the two-year period to file a claim for refund/tax credit of input VAT must be reckoned from the end of the taxable quarter when the zero-rated or effectively zero-rated sale was made and not when the input VAT was incurred, to wit:

> This Court agrees with the CTA En Banc that the phrase "when the relevant sales were made" refers to zero-rated or effectively zero-rated sales, and not to the purchase of goods and services from which it incurred input VAT.
>
> Through a plain reading of Section 112(A), it can be inferred that the phrase "when the sales were made" refers to zero-rated or effectively zero-rated sales. Based on the heading of Section 112(A), it is clear that the intent of the said provisions is to cover only the refund or tax credits of unutilized input VAT attributable to zero-rated or effectively zero-rated sales. This is further supported in the last sentence of Section 112(A) stating that "where the taxpayer is engaged in zero-rated or effectively zero-rated sale and also in taxable or exempt sale of goods or properties or services, and the amount of creditable input tax due or paid cannot be directly and entirely attributed to any one of the transactions, it shall be allocated proportionately on the basis of the volume of sales." This proportional allocation of the input taxes if the taxpayer-claimant is engaged in both zero-rated or effectively zero-rated sales and taxable or exempt sales clearly shows the intent of Section 112(A) to restrict the refund or tax credit of unutilized input VAT only to those which are directly attributable to the zero-rated or effectively zero-rated sales.
>
> Moreover, contrary to the assertion of petitioner, the phrase "when the relevant sales were made pertaining to the input VAT" as stated by this Court in Mirant, simply means that the input VAT that were incurred must be regarded as being related to such "relevant sales," which should be zero-rated or effectively zero-rated. In other words, there must be a direct relation or attributability of the purchases that incurred input VAT to the "relevant sales" that were made.
>
> If We are to accept petitioner's interpretation of the ruling of this Court in Mirant, it will result in an absurd situation wherein the input VAT will be attributed from the "purchase" made by petitioner or the sales made by its supplier, and not from the sales made by petitioner, which is the taxpayer-claimant. As clearly provided in Section 112(A), the creditable

[99] G.R. No. 250479. July 18, 2022.

input VAT must be attributable to the sales made by the taxpayer-claimant, in this case, the petitioner.

xxx xxx xxx

As mentioned in *Luzon Hydro Corporation*, there must be evidence showing the existence of zero-rated or effectively zero-rated sales to which the input VAT being refunded must be attributable. As admitted by petitioner, it had no zero-rated or effectively zero-rated sales from the first to fourth quarters of taxable year 2011. Thus, the CTA En Banc correctly ruled as follows:

> It is clear from the foregoing requisites that, it is essential for the taxpayer-claimant to prove that it had zero-rated or effectively zero-rated sales during the pertinent taxable quarter unto which the input VAT, which is sought to be refunded, can be attributed to. Thus, petitioner must first establish that zero-rated or effectively zero-rated sales unto which the input VAT can attributed to exist. It cannot be the other way around lest it is going to be putting the cart before the horse.

xxx xxx xxx

Verily, for purposes of determining when petitioner can be said to be legally entitled to claim a refund of input tax due or paid, what should matter is not the date when the purchases of goods and services were made. Rather, it is the date when petitioner's zero-rated sales were made. For indeed, it is only at the time of such sale that petitioner can establish whether or not the input taxes due or paid were in fact directly attributable, or at least allocable, to its zero-rated sales.

Section 112(A) of the NIRC of 1997, as amended, does not require that zero-rated sales be made within the same period as the time when the expenses were incurred as the said provision only mandates that in order to claim for a refund/tax credit of input VAT, there must be zero-rated sales or effectively zero-rated sales to which the input VAT sought to be refunded are attributable.

As can be seen in its *Quarterly VAT Returns* for the first to third quarters of CY 2018, petitioner did not declare any sales, *i.e.*, sales subject to 12% VAT, sales to government, zero-rated sales and exempt sales, for the said periods. Nonetheless, it reported the subject claim of ₱14,195,993.64 as input VAT incurred during the said quarters, as follows:

Particulars	**First Quarter** (Exhibit "P-14")	**Second Quarter** (Exhibit "P-15")	**Third Quarter** (Exhibit "P-16")	**Total - First to Third Quarters**
Vatable Sales/Receipts – Private	0.00	0.00	0.00	0.00
Sales to Government	0.00	0.00	0.00	0.00
Zero-Rated Sales/Receipts	0.00	0.00	0.00	0.00

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Particulars	First Quarter (Exhibit "P-14")	Second Quarter (Exhibit "P-15")	Third Quarter (Exhibit "P-16")	Total - First to Third Quarters
Exempt Sales/Receipts	0.00	0.00	0.00	0.00
Total Sales/Receipts	0.00	0.00	0.00	0.00
Output Tax Due	0.00	0.00	0.00	0.00
Input VAT on Domestic Purchase of Goods Other than Capital Goods	₱ 69,208.87	₱ 94,999.83	₱ 90,570.42	₱ 254,779.12
Input VAT on Domestic Purchase of Services	3,676,728.28	3,938,736.80	6,284,038.36	13,899,503.44
Total Input VAT on Domestic Purchase of Goods Other than Capital Goods and Domestic Purchase of Services	₱ 3,745,937.15	₱ 4,033,736.63	₱ 6,374,608.78	₱14,154,282.56
Input VAT on Domestic Purchases - Capital Goods Exceeding ₱1Million	₱ 312,833.14	-	-	₱ 312,833.14
Input VAT Deferred on Capital Goods Exceeding ₱1Million from Previous Quarter	-	₱ 302,405.36	₱ 286,763.70	-
Input VAT on Purchases of Capital Goods Exceeding P1Milion Deferred for the Succeeding Period	302,405.36	286,763.70	271,122.06	271,122.06
Amortization of Input VAT on Capital Goods Exceeding P1Milion	₱ 10,427.78	₱ 15,641.66	₱ 15,641.64	₱ 41,711.08
Total Allowable Input VAT	**₱ 3,756,364.93**	**₱ 4,049,378.29**	**₱ 6,390,250.42**	**₱14,195,993.64**

Considering that the aforesaid ₱14,195,993.64 input VAT was incurred by petitioner in the generation of its zero-rated sales for the fourth quarter of CY 2018,[100] the same is attributable thereto and may be the subject of a claim for refund thereof. Notably, the reported zero-rated sales during the fourth quarter of CY 2018 were the service fees for the services rendered by petitioner during the periods January 1, 2017 to December 31, 2017, and January 1, 2018 to October 2018.[101]

An examination of the suppliers' invoices and ORs supporting petitioner's input VAT claim of ₱14,195,993.64 disclosed that only the amount of ₱7,038,142.81 represents petitioner's valid input VAT while the remaining amount of ₱7,157,850.83 must be disallowed for failure to meet the substantiation and invoicing requirements under the VAT law and regulations, detailed as follows:

Exhibit No.	Name of Supplier	Invoice/ OR No.	Date of Invoice/ OR	Input VAT (In PHP)			
				Q1, CY 2018	Q2, CY 2018	Q3, CY 2018	Total
1. PROPERLY SUPPORTED BY VAT INVOICES/ORS							
"P-34-46"	Philippine Vending Corporation	30898	5 January 2018	4,878.70	-	-	4,878.70
"P-34-47"	Philippine Vending Corporation	31240	1 January 2018	6,354.10	-	-	6,354.10
"P-34-48"	Philippine Vending Corporation	32645	27 February 2018	401.80	-	-	401.80

[100] Exhibit "P-19", pars. 4 and 5, Docket – Vol. 2, pp. 581 to 583.
[101] Exhibits "P-9-7" to "P-9-13", USB.

Exhibit No.	Name of Supplier	Invoice/ OR No.	Date of Invoice/ OR	Input VAT (In PHP)			
				Q1, CY 2018	Q2, CY 2018	Q3, CY 2018	Total
"P-34-49"	Philippine Vending Corporation	33256	13 March 2018	401.80	-	-	401.80
"P-34-103"	Radenta Technologies, Inc.	49	26 February 2018	9,324.00	-	-	9,324.00
"P-35-24"	Apex Five Ecom, Inc.	22	23 February 2018	2,071,155.50	-	-	2,071,155.50
"P-35-25"	Apex Five Ecom, Inc.	23	16 March 2018	1,001,422.68	-	-	1,001,422.68
"P-35-37"	Asalus Corporation	20442	13 February 2018	19,957.12	-	-	19,957.12
"P-35-38"	Asalus Corporation	20888	21 February 2018	44,512.29	-	-	44,512.29
"P-35-39"	Asalus Corporation	21218	27 February 2018	6,621.00	-	-	6,621.00
"P-35-40"	Asalus Corporation	22369	16 March 2018	20,724.52	-	-	20,724.52
"P-35-41"	Asalus Corporation	23133	2 April 2018	7,956.38	-	-	7,956.38
"P-35-42"	Asalus Corporation	24144	18 April 2018	20,977.95	-	-	20,977.95
"P-35-43"	Asalus Corporation	24730	26 April 2018	1,786.22	-	-	1,786.22
"P-35-45"	Asalus Corporation	15324	21 May 2018	4,357.49	-	-	4,357.49
"P-35-60"	E M Zalamea Actuarial Services, Inc.	33194	2 March 2018	8,400.00	-	-	8,400.00
"P-35-65"	Federal Express Pacific, LLC	974932	5 March 2018	118.10	-	-	118.10
"P-35-76"	Fieldmen Janitorial Services Corporation	26230	9 March 2018	53,727.60	-	-	53,727.60
"P-35-78"	Fieldmen Janitorial Services Corporation	26229	23 March 2018	14,595.72	-	-	14,595.72
"P-34-101"	Microbase Incorporated	Invoice No. 0113482	20 April 2018	-	4,101.56	-	4,101.56
"P-34-102"	Microbase Incorporated	Invoice No. 0113039	5 March 2018	-	-	1,557.22	1,557.22
"P-35-185"	SGV & Co	MK00089483	21 February 2018	28,519.80	-	-	28,519.80
"P-35-186"	SGV & Co	MK00089745	26 February 2018	22,462.80	-	-	22,462.80
"P-35-189"	SGV & Co	MK00099307	21 June 2018	8,400.00	-	-	8,400.00
"P-35-198"	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	2884	20 March 2018	428.57	-	-	428.57
"P-35-199"	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	2879	20 March 2018	139.29	-	-	139.29
"P-35-200"	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	2885	20 March 2018	455.36	-	-	455.36
"P-35-201"	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	2888	20 March 2018	535.71	-	-	535.71
"P-35-202"	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	2887	20 March 2018	1,714.29	-	-	1,714.29
"P-34-39"	Microbase Incorporated	113517	24 April 2018	-	3,141.36	-	3,141.36
"P-34-40"	Microbase Incorporated	113557	27 April 2018	-	3,618.32	-	3,618.32
"P-34-41"	Microbase Incorporated	113483	20 April 2018	-	12,304.69	-	12,304.69
"P-35-26"	Apex Five Ecom, Inc.	24	4 May 2018	-	998,366.93	-	998,366.93
"P-34-7"	Arex Health Corporation	3775	6 April 2018	-	908.14	-	908.14

Exhibit No.	Name of Supplier	Invoice/ OR No.	Date of Invoice/ OR	Input VAT (In PHP)			
				Q1, CY 2018	Q2, CY 2018	Q3, CY 2018	Total
"P-34-9"	Arex Health Corporation	3777	6 April 2018	-	170.89	-	170.89
"P-35-44"	Asalus Corporation	15249	18 May 2018	-	8,031.36	-	8,031.36
"P-35-79"	Fieldmen Janitorial Services Corporation	26228	4 May 2018	-	39,536.36	-	39,536.36
"P-35-85"	Isla Lipana & Co.	57253	4 May 2018	-	82,800.00	-	82,800.00
"P-34-50"	Philippine Vending Corporation	33527	23 March 2018	-	4,937.25	-	4,937.25
"P-35-171"	SkyCable Corporation	808345	4 May 2018	-	45,209.58	-	45,209.58
"P-35-187"	SGV & Co	MK00092731	11 April 2018	-	4,080.00	-	4,080.00
"P-35-20"	Angara Abello Concepcion Regala and Cruz	125975	11 May 2018	-	103,000.00	-	103,000.00
"P-35-46"	Asalus Corporation	18481	5 June 2018	-	1,000.38	-	1,000.38
"P-35-47"	Asalus Corporation	19124	18 June 2018	-	2,675.61	-	2,675.61
"P-35-48"	Asalus Corporation	19186	19 June 2018	-	529.25	-	529.25
"P-35-77"	Fieldmen Janitorial Services Corporation	26231	18 March 2018	-	2,482.06	-	2,482.06
"P-34-52"	Philippine Vending Corporation	34510	24 April 2018	-	5,727.70	-	5,727.70
"P-34-53"	Philippine Vending Corporation	34505	24 April 2018	-	5,702.30	-	5,702.30
"P-35-172"	SkyCable Corporation	814617	25 May 2018	-	22,440.00	-	22,440.00
"P-35-173"	SkyCable Corporation	816805	8 June 2018	-	14,571.43	-	14,571.43
"P-35-21"	Angara Abello Concepcion Regala and Cruz	126110	18 May 2018	-	22,000.00	-	22,000.00
"P-35-49"	Asalus Corporation	26448	26June 2018	-	8,393.02	-	8,393.02
"P-34-38"	GIFTING SOLUTIONS SPECIALISTS PHILS. INC.	12507	2 April 2018	-	803.57	-	803.57
"P-34-51"	Philippine Vending Corporation	33540	23 March 2018	-	6,248.39	-	6,248.39
"P-34-54"	Philippine Vending Corporation	35493	24 May 2018	-	5,480.56	-	5,480.56
"P-34-55"	Philippine Vending Corporation	35492	24 May 2018	-	5,650.73	-	5,650.73
"P-34-69"	Rustan Marketing Corporation	335535	6 April 2018	-	1,001.79	-	1,001.79
"P-35-174"	SkyCable Corporation	854538	22 June 2018	-	22,440.00	-	22,440.00
"P-35-175"	SkyCable Corporation	823793	6 Jul 2018	-	12,000.00	-	12,000.00
"P-34-10"	Arex Health Corporation	3779	6 April 2018	-	-	72.32	72.32
"P-34-11"	Arex Health Corporation	3800	5 June 2018	-	-	216.96	216.96
"P-34-12"	Arex Health Corporation	4021	10 July 2018	-	-	902.68	902.68
"P-34-14"	Arex Health Corporation	4024	26 July 2018	-	-	297.32	297.32
"P-34-42"	Microbase Incorporated	114452	18 July 2018	-	-	1,468.82	1,468.82
"P-34-43"	Microbase Incorporated	114049	18 July 2018	-	-	6,686.63	6,686.63
"P-34-56"	Philippine Vending Corporation	36286	15 June 2018	-	-	6,786.88	6,786.88
"P-34-57"	Philippine Vending Corporation	36285	15 June 2018	-	-	4,065.28	4,065.28
"P-34-58"	Philippine Vending Corporation	37275	16 July 2018	-	-	5,125.72	5,125.72
"P-34-59"	Philippine Vending Corporation	37271	16 July 2018	-	-	7,588.24	7,588.24
"P-34-60"	Philippine Vending Corporation	38226	14 August 2018	-	-	4,804.24	4,804.24
"P-34-61"	Philippine Vending Corporation	38225	14 August 2018	-	-	2,341.72	2,341.72

Exhibit No.	Name of Supplier	Invoice/ OR No.	Date of Invoice/ OR	Input VAT (In PHP)			
				Q1, CY 2018	Q2, CY 2018	Q3, CY 2018	Total
"P-34-62"	Philippine Vending Corporation	38275	16 August 2018	-	-	4,178.95	4,178.95
"P-34-63"	Philippine Vending Corporation	38274	16 August 2018	-	-	4,178.95	4,178.95
"P-35-10"	2GO Express, Inc.	1712446	29 August 2018			13,735.09	13,735.09
"P-35-16"	2GO Express, Inc.	2023154	19 October 2018	-	-	12,491.76	12,491.76
"P-35-32"	Apex Five Ecom, Inc.	30	17 August 2018	-	-	937,973.78	937,973.78
"P-35-33"	Apex Five Ecom, Inc.	31	24 August 2018	-	-	1,680.00	1,680.00
"P-35-34"	Apex Five Ecom, Inc.	35	24 September 2018	-	-	938,093.78	938,093.78
"P-35-50"	Asalus Corporation	27953	19 July 2018	-	-	15,490.34	15,490.34
"P-35-51"	Asalus Corporation	30298	23August 2018	-	-	1,451.02	1,451.02
"P-35-58"	Del Rosario and Del Rosario	14127	14 September 2018			73,299.48	73,299.48
"P-35-59"	Del Rosario and Del Rosario	14126	14 September 2018			12,817.62	12,817.62
"P-35-72"	Federal Express Pacific, LLC	1158402	4 October 2018	-	-	165.60	165.60
"P-35-73"	Federal Express Pacific, LLC	1219238	12 December 2018	-	-	175.45	175.45
"P-35-74"	Federal Express Pacific, LLC	1219236	12 December 2018	-	-	82.80	82.80
"P-35-80"	Fieldmen Janitorial Services Corporation	26227	20 July 2018	-	-	37,977.95	37,977.95
"P-35-81"	Fieldmen Janitorial Services Corporation	26226	31 August 2018	-	-	18,274.10	18,274.10
"P-35-82"	Fieldmen Janitorial Services Corporation	26222	14 September 2018	-	-	9,360.09	9,360.09
"P-35-169"	SAS Management Inc.	2939	7 August 2018	-	-	3,600.00	3,600.00
"P-35-176"	SkyCable Corporation	832658	27 July 2018	-	-	22,440.00	22,440.00
"P-35-177"	SkyCable Corporation	854537	3 August 2018	-	-	12,000.00	12,000.00
"P-35-178"	SkyCable Corporation	844762	7 September 2018	-	-	12,000.00	12,000.00
"P-35-179"	SkyCable Corporation	838545	14 September 2018	-	-	22,440.00	22,440.00
"P-35-180"	SkyCable Corporation	844763	21 September 2018	-	-	22,440.00	22,440.00
"P-35-190"	SGV & Co	MK00101528	3 August 2018	-	-	10,200.00	10,200.00
Subtotal – Properly supported input VAT [A]				**3,360,328.79**	**1,449,353.23**	**2,228,460.79**	**7,038,142.81**
II. NOT PROPERLY SUPPORTED BY VAT INVOICES OR ORs							
A. Domestic purchases of goods supported by invoices dated outside of CY 2018							
"P-34-4"	Arex Health Corporation	SI No. 3690	4 December 2017	598.23	-	-	598.23
"P-34-5"	Arex Health Corporation	SI No. 3691	4 December 2017	880.93	-	-	880.93
"P-34-6"	Arex Health Corporation	SI No. 3692	4 December 2017	632.25	-	-	632.25
"P-34-45"	Philippine Vending Corporation	301450546	12 June 2017	4,878.70	-	-	4,878.70
"P-34-71"	Save Money Trading Inc.	330884	20 June 2016	-	1,932.21	-	1,932.21
"P-34-72"	Save Money Trading Inc.	330885	20 June 2016	-	1,367.25	-	1,367.25
"P-34-73"	Save Money Trading Inc.	330886	20 June2016	-	1,356.43	-	1,356.43
"P-34-74"	Save Money Trading Inc.	339938	22 September 2016	-	522.96	-	522.96
"P-34-75"	Alverstone Vault and Office Steel Equipment	0546	27 December 2017	3,457.50	-	-	3,457.50
"P-34-95"	The Purefoods-Hormel Company Inc.	1200-12221109	13 December 2017	30,471.43	-	-	30,471.43
B. Domestic purchases of goods and services supported by invoices and ORs with incorrect/incomplete TIN of petitioner							

Exhibit No.	Name of Supplier	Invoice/ OR No.	Date of Invoice/ OR	Input VAT (In PHP)			
				Q1, CY 2018	Q2, CY 2018	Q3, CY 2018	Total
"P-34-8"	Arex Health Corporation	3776	6 April 2018	-	800.57	-	800.57
"P-34-13"	Arex Health Corporation	4022	10 July 2018	-	-	806.25	806.25
"P-35-22"	Angara Abello Concepcion Regala and Cruz	133458	31 August 2018	-	-	34,023.00	34,023.00
"P-35-23"	Angara Abello Concepcion Regala and Cruz	133706	12 September 2018	-	-	18,886.00	18,886.00
"P-35-61"	Exclusive Cars International Holdings Inc.	41868	13 April 2018	552.94	-	-	552.94
"P-35-62"	Exclusive Cars International Holdings Inc.	41879	8 May 2018	-	4,656.33	-	4,656.33
"P-35-66"	Federal Express Pacific, LLC	977500	8 March 2018	129.45	-	-	129.45
"P-35-67"	Federal Express Pacific, LLC.	1006688	9 April 2018	-	1,495.10	-	1,495.10
"P-35-68"	Federal Express Pacific, LLC.	1029313	8 May 2018	-	129.45	-	129.45
"P-35-69"	Federal Express Pacific, LLC.	1035672	22 May 2018	-	206.75	-	206.75
"P-35-70"	Federal Express Pacific, LLC.	1050815	30 May 2018	-	184.90	-	184.90
"P-35-71"	Federal Express Pacific, LLC.	1052753	5 June 2018	-	184.90	-	184.90
"P-35-86"	Isla Lipana & Co.	58878	31 August 2018	-	-	1,634.33	1,634.33
"P-35-95"	PLDT Inc.	PELOR002 773538	12 April 2018		144.00		144.00
"P-35-115"	PLDT Inc.	PELOR002 773537	12 April 2018		72.00		72.00
"P-35-125"	PLDT Inc.	PELOR002 773540	12 April 2018		20,093.04		20,093.04
"P-35-129"	PLDT Inc.	PELOR002 773539	12 April 2018		176.72		176.72
"P-35-137"	PLDT Inc.	PELOR0027 73535	12 April 2018		117.24		117.24
"P-35-110"	PLDT Inc.	PELOR002 786696	25 April 2018		6,836.28		6,836.28
"P-35-94"	PLDT Inc.	PELOR002 844195	6 June 2018		394.57		394.57
"P-35-98"	PLDT Inc.	PELOR002 844169	6 June 2018		229.66		229.66
"P-35-99"	PLDT Inc.	PELOR002 844191	6 June2018		1,093.65		1,093.65
"P-35-101"	PLDT Inc.	PELOR002 844188	6 June 2018		380.73		380.73
"P-35-102"	PLDT Inc.	PELOR002 844166	6 June 2018		174.42		174.42
"P-35-103"	PLDT Inc.	PELOR002 844183	6 June 2018		72.00		72.00
"P-35-104"	PLDT Inc.	PELOR002 844156	6 June 2018		594.47		594.47
"P-35-105"	PLDT Inc.	PELOR002 844154	6 June 2018		273.32		273.32
"P-35-106"	PLDT Inc.	PELOR002 844153	6 June 2018		313.65		313.65
"P-35-107"	PLDT Inc.	PELOR002 844157	6 June 2018		222.15		222.15
"P-35-108"	PLDT Inc.	PELOR002 844164	6 June 2018		13,417.80		13,417.80
"P-35-109"	PLDT Inc.	PELOR002 844162	6-Jun-2018		168.87		168.87
"P-35-113"	PLDT Inc.	PELOR002 844155	6-Jun-2018		144.00		144.00

Exhibit No.	Name of Supplier	Invoice/ OR No.	Date of Invoice/ OR	Input VAT (In PHP)			
				Q1, CY 2018	Q2, CY 2018	Q3, CY 2018	Total
"P-35-114"	PLDT Inc.	PELOR002 844189	6-Jun-2018		216.00		216.00
"P-35-117"	PLDT Inc.	PELOR002 844160	6-Jun-2018		171.24		171.24
"P-35-118"	PLDT Inc.	PELOR002 844182	6-Jun-2018		82.69		82.69
"P-35-120"	PLDT Inc.	PELOR002 844196	6-Jun-2018		335.47		335.47
"P-35-121"	PLDT Inc.	PELOR002 844173	6 June 2018		159.31		159.31
"P-35-123"	PLDT Inc.	PELOR002 844175	6 June 2018		6,716.16		6,716.16
"P-35-124"	PLDT Inc.	PELOR002 844198	6 June 2018		6,873.24		6,873.24
"P-35-127"	PLDT Inc.	PELOR002 844163	6 June 2018		72.00		72.00
"P-35-128"	PLDT Inc.	PELOR002 844185	6 June 2018		88.01		88.01
"P-35-131"	PLDT Inc.	PELOR002 844168	6 June 2018		312.45		312.45
"P-35-132"	PLDT Inc.	PELOR002 844190	6 June 2018		1,751.91		1,751.91
"P-35-136"	PLDT Inc.	PELOR002 844165	6 June 2018		209.86		209.86
"P-35-97"	PLDT Inc.	PELOR002 985134	28 September 2018			359.21	359.21
"P-35-100"	PLDT Inc.	PELOR002 982377	28 September 2018			103.32	103.32
"P-35-126"	PLDT Inc.	PELOR002 985138	28 September 2018			76.18	76.18
"P-35-135"	PLDT Inc.	PELOR002 985132	28 September 2018			92.17	92.17
"P-35-140"	PLDT Inc.	PELOR002 985137	28 September 2018			100.93	100.93
"P-35-142"	PLDT Inc.	PELOR002 985135	28 September 2018			391.86	391.86
"P-35-145"	PLDT Inc.	PELOR002 985136	28 September 2018			88.00	88.00
"P-35-147"	PLDT Inc.	PELOR002 982378	28 September 2018			284.66	284.66
C. Domestic purchases of goods and services supported by VAT invoices and ORs without petitioner's TIN							
"P-34-1"	Allcard Plastics Philippines Inc.	28331	8 May 2017	1,607.14	-	-	1,607.14
"P-34-15"	Contrade Integrated Depot, Inc.	91261	28 February 2018	-	-	384.00	384.00
"P-34-76"	Sia, Melody Chua (Alverstone Vault and Office Steel Equipment)	591	5 February 2018	1,767.86	-	-	1,767.86
"P-34-77"	Sia, Melody Chua (Alverstone Vault and Office Steel Equipment)	602	19 February 2018	2,185.50	-	-	2,185.50
"P-34-81"	Alverstone Vault and Office Steel Equipment	755	23 March 2018	-	-	1,660.71	1,660.71
"P-34-84"	Sanctuary Sales	29158	3 January 2018	-	-	810.92	810.92
"P-34-85"	Sio, Gary Phi (Sanctuary Sales)	29528	14 February 2018	1,058.58	-	-	1,058.58
"P-34-86"	Sio, Gary Phi (Sanctuary Sales)	29529	14 February 2018	313.93	-	-	313.93
"P-34-87"	Sanctuary Sales	29813	27-Mar-2018	-	2,006.36	-	2,006.36
"P-34-88"	Sanctuary Sales	30050	03 May 2018	-	13,641.43	-	13,641.43
"P-34-89"	Sanctuary Sales	30289	25 May 2018	-	929.47	-	929.47
"P-34-90"	Sanctuary Sales	30290	25 May 2018	-	936.86	-	936.86
"P-34-91"	Sanctuary Sales	30482	14 June 2018	-	-	2,008.29	2,008.29
"P-34-92"	Sanctuary Sales	30623	6 July 2018	-	-	3,310.29	3,310.29

Exhibit No.	Name of Supplier	Invoice/ OR No.	Date of Invoice/ OR	Input VAT (In PHP)			
				Q1, CY 2018	Q2, CY 2018	Q3, CY 2018	Total
"P-34-93"	Sanctuary Sales	30858	26 July 2018	-	-	2,437.07	2,437.07
"P-34-104"	Sanctuary Sales	30107	24 April 2018	-	687.85	-	687.85
"P-34"-105	Sanctuary Sales	30111	24 April 2018	-	1,448.82	-	1,448.82
"P-35-1"	2GO EXPRESS, INC.	1903378	10 April 2018	-	31,361.64	-	31,361.64
"P-35-2"	2GO EXPRESS, INC.	1915193	17 April 2018	-	56,996.33	-	56,996.33
"P-35-3"	2GO EXPRESS, INC.	1927042	25 May 2018	-	14,920.63	-	14,920.63
"P-35-4"	2GO EXPRESS, INC.	1927043	25 May 2018	-	9,393.56	-	9,393.56
"P-35-5"	2GO EXPRESS, INC.	1927041	25 May 2018	-	30,018.45	-	30,018.45
"P-35-7"	2GO EXPRESS, INC.	1950303	20 June 2018	-	23,828.61	-	23,828.61
"P-35-8"	2GO EXPRESS, INC.	1950304	20 June 2018	-	9,538.50	-	9,538.50
"P-35-9"	2GO Express, Inc.	1976427	26 July 2018	-	-	10,616.81	10,616.81
"P-35-11"	2GO Express, Inc.	1479713	4 September 2018	-	-	7,403.04	7,403.04
"P-35-12"	2GO Express, Inc.	1479708	4 September 2018	-	-	16,576.09	16,576.09
"P-35-13"	2GO Express, Inc.	1479709	4 September 2018	-	-	34,801.97	34,801.97
"P-35-14"	2GO Express, Inc.	HGR2008342	24 September 2018	-	-	2,927.89	2,927.89
"P-35-88"	Jobstreet.com Philippines, Inc.	21113371	17 July 2018	-	-	64,800.00	64,800.00
"P-35-89"	LBC Express, Inc.	494277	22 June 2018	-	13,949.86	-	13,949.86
"P-35-149"	Primo Archives and Records Management Corp.	2151	5 June 2018	-	129.60	-	129.60
"P-35-150"	Primo Archives and Records Management Corp.	2049	5 June 2018	-	-	129.60	129.60
"P-35-151"	Primo Archives and Records Management Corp.	2183	16 July 2018	-	-	331.20	331.20
"P-35-152"	Primo Archives and Records Management Corp.	2178	11 July 2018	-	129.60	-	129.60
"P-35-153"	Primo Archives and Records Management Corp.	2253	4 September 2018	-	-	799.20	799.20
D. Domestic purchases of services supported by VAT ORs but do not bear petitioner's TIN and the VAT was not separately indicated thereon							
"P-35-63"	Exclusive Cars International Holdings Inc.	42517	27 July 2018	-	-	735.07	735.07
"P-35-64"	Exclusive Cars International Holdings Inc.	41344	31 August 2018	-	-	4,217.10	4,217.10
"P-35-154"	Safeguard Investigation & Security Agency, Inc.	OR No. 1114	2 February 2018	1,682.80	-	-	1,682.80
"P-35-155"	Safeguard Investigation & Security Agency, Inc.	1113	2 March 2018	56.78	-	-	56.78
"P-35-156"	Safeguard Investigation & Security Agency, Inc.	1112	9 March 2018	1,610.44	-	-	1,610.44
"P-35-157"	Safeguard Investigation & Security Agency, Inc.	1111	6 April 2018	4,445.53	-	-	4,445.53
"P-35-158"	Safeguard Investigation & Security Agency, Inc.	1108	6 April 2018	2,258.70	-	-	2,258.70
"P-35-159"	Safeguard Investigation & Security Agency, Inc.	1110	6 April 2018	5,514.16	-	-	5,514.16
"P-35-160"	Safeguard Investigation & Security Agency, Inc.	1109	6 April 2018	-	467.29	-	467.29
"P-35-161"	Safeguard Investigation & Security Agency, Inc.	1107	1 June 2018	-	2,654.10	-	2,654.10

Exhibit No.	Name of Supplier	Invoice/ OR No.	Date of Invoice/ OR	Input VAT (In PHP)			
				Q1, CY 2018	Q2, CY 2018	Q3, CY 2018	Total
"P-35-162"	Safeguard Investigation & Security Agency, Inc.	1106	8 June 2018	-	2,527.71	-	2,527.71
"P-35-163"	Safeguard Investigation & Security Agency, Inc.	1104	13 July 2018	-	-	783.59	783.59
"P-35-164"	Safeguard Investigation & Security Agency, Inc.	1102	10 August 2018	-	-	758.31	758.31
"P-35-165"	Safeguard Investigation & Security Agency, Inc.	1121	7 September 2018	-	-	783.59	783.59
E. Domestic purchases of goods and services supported by invoices and ORs with insertions/alterations but the countersignature thereon is different from that of the authorized signatory appearing on the invoice/OR; or the authority of the countersigner thereon cannot be ascertained							
"P-34-16"	Contrade Integrated Depot, Inc.	5066	4 April 2018	-	1,287.60	-	1,287.60
"P-34-17"	Contrade Integrated Depot, Inc.	5832	11 April 2018	-	225.12	-	225.12
"P-34-18"	Contrade Integrated Depot, Inc.	6234	16 April 2018	-	1,872.00	-	1,872.00
"P-34-19"	Contrade Integrated Depot, Inc.	8105	25 April 2018	-	1,438.80	-	1,438.80
"P-34-20"	Contrade Integrated Depot, Inc.	8294	26 April 2018	-	1,772.70	-	1,772.70
"P-34-21"	Contrade Integrated Depot, Inc.	8989	2 May 2018	-	111.43	-	111.43
"P-34-22"	Contrade Integrated Depot, Inc.	11064	18 May 2018	-	780.00	-	780.00
"P-34-23"	Contrade Integrated Depot, Inc.	12536	29 May 2018	-	-	1,565.36	1,565.36
"P-34-24"	Contrade Integrated Depot, Inc.	13476	4 June 2018	-	-	784.20	784.20
"P-34-25"	Contrade Integrated Depot, Inc.	13495	6 June 2018	-	-	1,392.00	1,392.00
"P-34-26"	Contrade Integrated Depot, Inc.	14776	14 June 2018	-	-	124.80	124.80
"P-34-27"	Contrade Integrated Depot, Inc.	16361	27 June 2018	-	-	2,010.54	2,010.54
"P-34-28"	Contrade Integrated Depot, Inc.	16596	28 June 2018	-	-	1,898.28	1,898.28
"P-34-29"	Contrade Integrated Depot, Inc.	17089	3 July 2018	-	-	1,605.60	1,605.60
"P-34-30"	Contrade Integrated Depot, Inc.	19426	19 July 2018	-	-	57.60	57.60
"P-34-31"	Contrade Integrated Depot, Inc.	19882	23 July 2018	-	-	187.20	187.20
"P-34-32"	Contrade Integrated Depot, Inc.	19883	23 July 2018	-	-	701.34	701.34
"P-34-33"	Contrade Integrated Depot, Inc.	20235	25 July 2018	-	-	1,682.64	1,682.64
"P-34-34"	Contrade Integrated Depot, Inc.	21786	8 August 2018	-	-	2,761.80	2,761.80
"P-34-35"	Contrade Integrated Depot, Inc.	23143	16 August 2018	-	-	644.40	644.40
"P-34-36"	Contrade Integrated Depot, Inc.	24225	23 August 2018	-	-	3,059.64	3,059.64
"P-34-37"	Contrade Integrated Depot, Inc.	24522	29 August 2018	-	-	262.99	262.99
"P-34-78"	Alverstone Vault and Office Steel Equipment	616	27 February 2018	-	2,155.07	-	2,155.07
"P-34-79"	Alverstone Vault and Office Steel Equipment	628	3 March 2018	3,481.71	-	-	3,481.71
"P-34-80"	Alverstone Vault and Office Steel Equipment	661	28 March 2018	-	-	9,436.07	9,436.07

Exhibit No.	Name of Supplier	Invoice/ OR No.	Date of Invoice/ OR	Input VAT (In PHP)			
				Q1, CY 2018	Q2, CY 2018	Q3, CY 2018	Total
"P-34-82"	Alverstone Vault and Office Steel Equipment	844	4 August 2018	-	-	706.50	706.50
"P-35-27"	Apex Five Ecom, Inc.	25	21 May 2018	-	937,973.78	-	937,973.78
"P-35-28"	Apex Five Ecom, Inc.	26	1 June 2018	-	4,049.25	-	4,049.25
"P-35-29"	Apex Five Ecom, Inc.	27	6 June 2018	-	144.00	-	144.00
"P-35-30"	Apex Five Ecom, Inc.	28	8 June 2018	-	937,973.78	-	937,973.78
"P-35-31"	Apex Five Ecom, Inc.	29	1 August 2018	-	-	937,973.78	937,973.78
"P-35-52"	Asalus Corporation	31855	19 September 2018	-	-	2,503,360.58	2,503,360.58
"P-35-87"	Isla Lipana & Co.	58499	17 August 2018	-	-	4,187.81	4,187.81
F. Domestic purchases of services supported by VAT ORs without signature of the issuer's authorized representative							
"P-35-188"	SGV & Co	MK00095107	9 May 2018	-	121,310.76	-	121,310.76
"P-35-191"	SGV & Co	MK00102426	31 August 2018	-	-	23,100.00	23,100.00
"P-35-192"	SGV & Co	MK00102424	31 August 2018	-	-	24,472.20	24,472.20
"P-35-193"	SGV & Co	MK00103470	28 September 2018	-	-	19,255.20	19,255.20
"P-35-194"	SGV & Co	MK00103697	4 October 2018	-	-	32,331.00	32,331.00
"P-35-195"	SGV & Co	MK00103696	4 October 2018	-	-	14,491.20	14,491.20
G. Domestic purchases of services supported by VAT ORs but the nature of services rendered was not indicated							
"P-35-55"	J.C.E. Inflatables & Party Needs	252	20 September 2018	-	-	61,656.00	61,656.00
"P-35-56"	Choy, Jose Durango (J.C.E. Inflatables & Party Needs)	253	20 September 2018	-	-	3,000.00	3,000.00
H. Domestic purchase of service supported by VAT official receipt but the VAT amount was not separately indicated							
"P-35-6"	2GO EXPRESS, INC.	1950302	20 June 2018	-	32,098.84	-	32,098.84
I. Supporting VAT invoices/ORs were not presented before the Court (Refer to the schedule per Exhibit "P-43-1")							
	2GO EXPRESS, INC.	Charge Sales Invoice No. 000224123 HGR	31 August 2018	-	-	8,004.80	8,004.80
	2GO EXPRESS, INC.	Charge Sales Invoice No. 000224745 HGR	31 May 2018	-	-	9,888.30	9,888.30
	2GO EXPRESS, INC.	Charge Sales Invoice No. 000223422 HGR	17 May 2018	-	-	8,760.75	8,760.75
	2GO EXPRESS, INC.	Charge Sales Invoice No. 000225499 HGR-A	7 June 2018	-	-	11,233.76	11,233.76
	2GO EXPRESS, INC.	Charge Sales Invoice No. 000227866 HGR	2 July 2018	-	-	6,430.56	6,430.56
	2GO EXPRESS, INC.	Charge Sales Invoice No.	28 June 2018	-	-	14,036.55	14,036.55

Exhibit No.	Name of Supplier	Invoice/ OR No.	Date of Invoice/ OR	Input VAT (In PHP)			
				Q1, CY 2018	Q2, CY 2018	Q3, CY 2018	Total
		000227371 HGR					
	2GO EXPRESS, INC.	Charge Sales Invoice No. 000228445 HGR	5 July 2018	-	-	8,134.14	8,134.14
	Asalus Corporation	Tax Invoice No. 103860	14 December 2017	2,275.77	-	-	2,275.77
	Asalus Corporation	Tax Invoice No. 103411	13 December 2017	909.64	-	-	909.64
	Asalus Corporation	Tax Invoice No. 103412	13 December 2017	1,233.21	-	-	1,233.21
	Asalus Corporation	SOA No. 80-00-05303/2	17 July 2018	-	-	120.00	120.00
	Asalus Corporation	SOA No. 80-00-05303/2	30 January 2018	150.00	-	-	150.00
	ACTS Trainings and Seminars	Non-VAT Billing Statement No. 2018-01	10 January 2018	2,142.86	-	-	2,142.86
	Agujo, Evangeline Grace Ancheta	Billing Statement No. 1320	19 January 2018	22,500.00	-	-	22,500.00
	Agujo, Evangeline Grace Ancheta	Billing Statement No. 2402	22 February 2018	15,000.00	-	-	15,000.00
	Agujo, Evangeline Grace Ancheta	Billing Statement No. 2513	16 March 2018	-	7,500.00	-	7,500.00
	Artemisplus Express Inc (KitchenCity Express)	SOA No. 20181203	19 January 2018		68.57	-	68.57
	Artemisplus Express Inc (KitchenCity Express)	SOA No. 20181204	19 January 2018		616.07	-	616.07
	Artemisplus Express Inc (KitchenCity Express)	SOA No. 20181205	22 January 2018		455.36	-	455.36
	Artemisplus Express Inc (KitchenCity Express)	SOA No. 20181206	22 January 2018		455.36	-	455.36
	Artemisplus Express Inc (KitchenCity Express)	SOA No. 20181207	5 February 2018		34.29	-	34.29
	Artemisplus Express Inc (KitchenCity Express)	SOA No. 20181208	5 February 2018		900.00	-	900.00
	Artemisplus Express Inc (KitchenCity Express)	SOA No. 20181209	20 February 2018		289.29	-	289.29
	Artemisplus Express Inc (KitchenCity Express)	SOA No. 20181210	26 February 2018		208.93	-	208.93
	Artemisplus Express Inc (KitchenCity Express)	SOA No. 20181211	26 February 2018		932.14	-	932.14

Exhibit No.	Name of Supplier	Invoice/ OR No.	Date of Invoice/ OR	Input VAT (In PHP)			
				Q1, CY 2018	Q2, CY 2018	Q3, CY 2018	Total
	Artemisplus Express Inc (KitchenCity Express)	SOA No. 20181212	22 March 2018		421.07	-	421.07
	Artemisplus Express Inc (KitchenCity Express)	SOA No. 20181213	19 March 2018		1,783.93	-	1,783.93
	Artemisplus Express Inc (KitchenCity Express)	SOA No. 20181214	19 March 2018		64.29	-	64.29
	Artemisplus Express Inc (KitchenCity Express)	SOA No. 20181215	3 April 2018		96.43	-	96.43
	Artemisplus Express Inc (KitchenCity Express)	SOA No. 20181217	16 April 2018		176.79	-	176.79
	Artemisplus Express Inc (KitchenCity Express)	SOA No. 20181218	26 April 2018		433.93	-	433.93
	Artemisplus Express Inc (KitchenCity Express)	SOA No. 20181219	26 April 2018		482.14	-	482.14
	Artemisplus Express Inc (KitchenCity Express)	SOA No. 20181220	26 April 2018		964.29	-	964.29
	Artemisplus Express Inc (KitchenCity Express)	SOA No. 20181221	26 April 2018		241.07	-	241.07
	Artemisplus Express Inc (KitchenCity Express)	SOA No. 20181222	26 April 2018		160.71	-	160.71
	Artemisplus Express Inc (KitchenCity Express)	SOA No. 20181223	23 May 2018		257.14	-	257.14
	Artemisplus Express Inc (KitchenCity Express)	SOA No. 20181216	16 April 2018		-	2,244.64	2,244.64
	Artemisplus Express Inc (KitchenCity Express)	SOA No. 20181225	23 May 2018		-	3,937.50	3,937.50
	Cabalitan, Felipe B (Banaag Pest Control)	Billing Statement No. 46	22 January 2018	642.86	-	-	642.86
	Cabalitan, Felipe B (Banaag Pest Control)	Billing Statement No. 218	22 May 2018	-	642.86	-	642.86
	Cabalitan, Felipe B (Banaag Pest Control)	Billing Statement No. 329	7 August 2018	-	-	642.86	642.86
	Exclusive Cars International Holdings Inc.	None	None	6,361.29	-	-	6,361.29
	Exclusive Cars International Holdings Inc.	Billing Statement No. 34105	28 February 2018	665.32	-	-	665.32
	Exclusive Cars International Holdings Inc.	Billing Statement No. 34104	28 February 2018	552.94	-	-	552.94
	Exclusive Cars International Holdings Inc.	Billing Statement No. 324266	28 February 2018	552.94	-	-	552.94
	Exclusive Cars International Holdings Inc.	Billing Statement No. 34270	28 February 2018	552.94	-	-	552.94
	Exclusive Cars International Holdings Inc.	Billing Statement No. 34271	28 February 2018	85.71	-	-	85.71

Exhibit No.	Name of Supplier	Invoice/ OR No.	Date of Invoice/ OR	Input VAT (In PHP)			
				Q1, CY 2018	Q2, CY 2018	Q3, CY 2018	Total
	Exclusive Cars International Holdings Inc.	Billing Statement No. 34060	28 February 2018	665.32	-	-	665.32
	Exclusive Cars International Holdings Inc.	Billing Statement No. 34061	28 February 2018	665.32	-	-	665.32
	Exclusive Cars International Holdings Inc.	Billing Statement No. 34058	28 February 2018	665.32	-	-	665.32
	Exclusive Cars International Holdings Inc.	Billing Statement No. 33967	28 February 2018	552.94	-	-	552.94
	Exclusive Cars International Holdings Inc.	Billing Statement No. 37350	15 August 2018	-	-	665.32	665.32
	Exclusive Cars International Holdings Inc.	Billing Statement No. 37356	18 August 2018	-	-	761.32	761.32
	Globe Telecom Inc	SOA No. 000342587 440		56.68	-	-	56.68
	Globe Telecom Inc	SOA No. 000350703 682		140.98	-	-	140.98
	Globe Telecom Inc	SOA No. 000334593 334		-	195.97	-	195.97
	Globe Telecom Inc	SOA No. 000358819 247		-	115.07	-	115.07
	Globe Telecom Inc	SOA No. 000358819 245		-	29.99	-	29.99
	Globe Telecom Inc	SOA No. 000366913 515		-	115.83	-	115.83
	Globe Telecom Inc	SOA No. 000366913 513		-	53.46	-	53.46
	Globe Telecom Inc	SOA No. 000359765 154		-	2,678.57	-	2,678.57
	Globe Telecom Inc	SOA No. 000368308 491		-	2,678.57	-	2,678.57
	Globe Telecom Inc	SOA No. 000374024 053		-	-	53.46	53.46
	Globe Telecom Inc	SOA No. 000380205 594		-	-	258.38	258.38
	Globe Telecom Inc	SOA No. 000380205 595		-	-	53.46	53.46
	Globe Telecom Inc	SOA No. 000380205 882		-	-	2,678.57	2,678.57
	Globe Telecom Inc	SOA No. 000385309 638		-	-	53.46	53.46
	Globe Telecom Inc	SOA No. 000385309 630		-	-	193.35	193.35
	Globe Telecom Inc	SOA No. 000375177 209		-	-	2,678.57	2,678.57

Exhibit No.	Name of Supplier	Invoice/ OR No.	Date of Invoice/ OR	Input VAT (In PHP)			
				Q1, CY 2018	Q2, CY 2018	Q3, CY 2018	Total
	Globe Telecom Inc	SOA No. 000387240733		-	-	2,678.57	2,678.57
	Globe Telecom Inc	SOA No. 000374024055		-	-	95.84	95.84
	Globe Telecom Inc	SOA No. 000391410659		-	-	181.15	181.15
	Homegrown Olympic Management Enterprises Inc	Billing Statement No. 524-2018 (not BIR		-	-	17,616.00	17,616.00
	Horizon Land Property Devt Corp	Statement of Account No. 2017006681	8 December 2017	13.39	-	-	13.39
	JVC Hengun Advertising Inc	Billing Statement No. 134	6 February 2018	5,040.00	-	-	5,040.00
	LBC EXPRESS, INC.	Billing Statement No. 189992	13 April 2018	-	17,486.76	-	17,486.76
	LBC EXPRESS, INC.	Billing Statement No. 189579	20 March 2018	-	18,239.85	-	18,239.85
	LBC EXPRESS, INC.	Billing Statement No. 189578	20 March 2018	-	1,327.72	-	1,327.72
	LBC EXPRESS, INC.	Billing Statement No. 198138	17 August 2018	-	-	12,728.27	12,728.27
	Microbase Incorporated	OR No. A73703	2 May 2018	-	155,247.96	-	155,247.96
	Microbase Incorporated			-	7,726.09	-	7,726.09
	Moriah Apparel Ho Inc	Billing Invoice Service No. 845A	17 November 2017	-	5,156.25	-	5,156.25
	New Creation Digiscreen Inc	OR No. 0441	16 August 2018	-	-	12,439.29	12,439.29
	New Creation Digiscreen Inc	OR No. 0447	7 September 2018	-	-	3,535.71	3,535.71
	Philippine Vending Corporation			5,146.56	-	-	5,146.56
	Sio, Gary Phi (Sanctuary Sales)	Collection Receipt No. 07898		692.15	-	-	692.15
	SkyCable Corporation	OR No. 0785445	23 February 2018	34,440.00	-	-	34,440.00
	SkyCable Corporation	OR No. 0803643	23 March 2018	34,440.00	-	-	34,440.00
	SkyCable Corporation	OR No. 0803644	6 April 2018	14,854.84	-	-	14,854.84
	SkyCable Corporation	OR No. 0803650	20 April 2018	-	22,440.00	-	22,440.00
	Smart Communications Inc.			26,814.96	39,634.07	37,435.95	103,884.98
	South East Asia Speaker and Trainers	Billing Statement No. 0478	4 June 2018	-	-	32,142.86	32,142.86

Exhibit No.	Name of Supplier	Invoice/ OR No.	Date of Invoice/ OR	Input VAT (In PHP)			
				Q1, CY 2018	Q2, CY 2018	Q3, CY 2018	Total
	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	Billing Invoice No. 201805152	15 May 2018	-	1,500.00	-	1,500.00
	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	Billing Invoice No. 201805154	15 May 2018	-	3,361.61	-	3,361.61
	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	Billing Invoice No. 201805151	15 May 2018	-	-	7,419.64	7,419.64
	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	Billing Invoice No. 201805301	30 May 2018	-	-	208.93	208.93
	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	Billing Invoice No. 201805153	30 May 2018	-	-	2,288.57	2,288.57
	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	Billing Invoice No. 201803071	7 March 2018	-	-	332.14	332.14
	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	Billing Invoice No. 201803072	7 March 2018	-	-	819.64	819.64
	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	Billing Invoice No. 201803073	7 March 2018	-	-	717.86	717.86
	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	Billing Invoice No. 201803074	7 March 2018	-	-	235.71	235.71
	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	Billing Invoice No. 201803075	7 March 2018	-	-	417.86	417.86
	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	Billing Invoice No. 201806161	16 June 2018	-	-	14,050.18	14,050.18
	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	Billing Invoice No. 201806162	16 June 2018	-	-	1,767.86	1,767.86
	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	Billing Invoice No. 201806163	16 June 2018	-	-	2,168.04	2,168.04
	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	Billing Invoice No. 201808112	11 August 2018	-	-	348.21	348.21
	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	Billing Invoice No. 201808113	11 August 2018	-	-	155.36	155.36
	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	Billing Invoice No. 201808114	11 August 2018	-	-	428.57	428.57
	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	Billing Invoice No. 201808115	11 August 2018	-	-	535.71	535.71

Exhibit No.	Name of Supplier	Invoice/ OR No.	Date of Invoice/ OR	Input VAT (In PHP)			
				Q1, CY 2018	Q2, CY 2018	Q3, CY 2018	Total
	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	Billing Invoice No. 201808116	11 August 2018	-	-	551.79	551.79
	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	Billing Invoice No. 201808117	11 August 2018	-	-	66.43	66.43
	Tan, Chandra Tiu (Sketch N' Doodle Creative Print Design Services)	Billing Invoice No. 201808118	11 August 2018	-	-	1,767.86	1,767.86
	The New Albergus Inc	Billing Statement No. 0316	7 December 2017	44,196.24	-	-	44,196.24
	U-Bix Corporation	Sales Invoice No. 1281859	23 January 2018	4,800.00	-	-	4,800.00
	U-Bix Corporation	Sales Invoice No. 1338033	31 January 2018	4,775.52			4,775.52
	U-Bix Corporation	Sales Invoice No. 1338034	31 January 2018	36.00			36.00
	U-Bix Corporation	Sales Invoice No. 1338035	31 January 2018	936.00			936.00
	U-Bix Corporation	Sales Invoice No. 1338036	31 January 2018	712.32			712.32
	U-Bix Corporation	Sales Invoice No. 1338037	31 January 2018	811.03			811.03
	U-Bix Corporation	Sales Invoice No. 1338038	31 January 2018	1,137.10			1,137.10
	U-Bix Corporation	Sales Invoice No. 1338039	31 January 2018	420.28			420.28
	U-Bix Corporation	Sales Invoice No. 1338040	31 January 2018	574.40			574.40
	U-Bix Corporation	None	None	20,261.82			20,261.82
	U-Bix Corporation	Sales Invoice No. 1281938	28 February 2018	2,400.00			2,400.00
	U-Bix Corporation	Sales Invoice No. 1281929	21 February 2018	4,800.00			4,800.00
	U-Bix Corporation	None	None	3,286.08			3,286.08
	U-Bix Corporation	None	None	2,855.52			2,855.52
	U-Bix Corporation	None	None	2,555.04			2,555.04
	U-Bix Corporation	None	None	2,115.36			2,115.36
	U-Bix Corporation	None	None	670.03			670.03
	U-Bix Corporation	None	None	180.36			180.36
	U-Bix Corporation	None	None	21.60			21.60

Exhibit No.	Name of Supplier	Invoice/ OR No.	Date of Invoice/ OR	Input VAT (In PHP)			
				Q1, CY 2018	Q2, CY 2018	Q3, CY 2018	Total
	U-Bix Corporation	Sales Invoice No. 1343259	28 February 2018	462.02			462.02
	U-Bix Corporation	Sales Invoice No. 1343256	28 February 2018	686.88			686.88
	U-Bix Corporation	Sales Invoice No. 1343255	28 February 2018	946.56			946.56
	U-Bix Corporation	Sales Invoice No. 1343260	28 February 2018	488.27			488.27
	U-Bix Corporation	None	None	2,112.48			2,112.48
	U-Bix Corporation	None	None	1,315.68			1,315.68
	U-Bix Corporation	None	None	1,288.32			1,288.32
	U-Bix Corporation	None	None	599.51			599.51
	U-Bix Corporation	None	None	534.76			534.76
	U-Bix Corporation	None	None	384.70			384.70
	U-Bix Corporation	None	None	382.32			382.32
	U-Bix Corporation	None	None	381.73			381.73
	U-Bix Corporation	None	None	216.11			216.11
	Wellthy Solutions Inc	Invoice No. 12987	8 February 2018	1,023.21	-	-	1,023.21
	Wellthy Solutions Inc	Invoice No. 12986	8 February 2018	1,023.21	-	-	1,023.21
	Wellthy Solutions Inc	Invoice No. 14213	1 June 2018	-	-	1,023.21	1,023.21
	Wellthy Solutions Inc	Invoice No. 14215	1 June 2018	-	-	1,023.21	1,023.21
	Wellthy Solutions Inc	Invoice No. 14216	1 June 2018	-	-	1,023.21	1,023.21
	Wellthy Solutions Inc	Invoice No. 14912	18 July 2018	-	-	916.07	916.07
	Wellthy Solutions Inc	Invoice No. 14913	18 July 2018	-	-	916.07	916.07
	Wellthy Solutions Inc	Invoice No. 14914	18 July 2018	-	-	916.07	916.07
	Yiucon Unlimited Concepts Inc	OR No. 003556	19 September 2018	-	-	10,000.00	10,000.00
J. Input VAT per schedule is (higher)/lower than that declared per VAT return							
	Asalus Corporation			(182.59)	182.59	-	0.00
	Artemisplus Express Inc (KitchenCity Express)			-	257.14	(257.14)	0.00
	2GO EXPRESS, INC.			-	0.03	-	0.03
	Microbase Incorporated			-	0.00	-	0.00
	U-Bix Corporation			0.41	-	-	0.41
K. Input VAT per supporting VAT ORs is (higher)/lower than that reported per SLP/VAT return							
	PLDT			31,001.60	(44,732.33)	30,794.16	17,063.44
L. Amortization of Input VAT on capital goods purchases exceeding ₱1Million without supporting documents				10,427.78	15,641.66	15,641.64	41,711.08
M. Rounding-off discrepancy				(.02)	(.02)		(.04)
Subtotal – Not properly supported input VAT [B]				**396,036.14**	**2,600,025.06**	**4,161,789.63**	**7,157,850.83**
Total [A] + [B]				**3,756,364.93**	**4,049,378.29**	**6,390,250.42**	**14,195,993.64**

Based on the foregoing, from the total input VAT claim of ₱14,195,993.64, petitioner satisfied the *seventh* requisite only to the extent of ₱7,038,142.81.

<u>Eighth requisite</u>: The input VAT of ₱7,038,142.81 is entirely attributable to petitioner's zero-rated sales/ receipts for the fourth quarter of CY 2018.

As to the *eighth* requisite, the taxpayer-claimant must show that the input taxes claimed are attributable to zero-rated or effectively zero-rated sales. However, where there are both zero-rated or effectively zero-rated sales and taxable or exempt sales, and the input taxes cannot be directly and entirely attributed to any of these sales, the input taxes shall be proportionately allocated on the basis of sales volume.

In the present case, petitioner's *Quarterly VAT Returns* for the four quarters of CY 2018 show that it had no sales subject to 12% VAT or exempt sales but only zero-rated sales in the amount of ₱515,127,148.92 for the fourth quarter of CY 2018. Clearly, the duly substantiated input taxes of ₱7,038,142.81 were incurred in the generation of its zero-rated sales of ₱515,127,148.92.

Thus, petitioner complied with the *eighth* requisite that the input VAT being claimed is attributable to zero-rated sales.

<u>Ninth requisite</u>: The above input taxes have not been applied against output taxes during and in the succeeding quarters.

As already pointed out, petitioner had no sales subject to 12% VAT for CY 2018, correspondingly, it had no output tax liability against which the input VAT of ₱7,038,142.81 may be applied or credited. Such being the case, although petitioner carried-over the subject claim in its amended *Quarterly VAT Return* for the first quarter of CY 2019,[102] the same remains unutilized as it had no output tax due for the said period.

Moreover, it should be noted that the subject claim was deducted as *"VAT Refund/TCC claimed"* in the amended *Quarterly VAT Return* for the first quarter CY 2019,[103] thus, effectively preventing the carry-over or application of such input taxes in the next taxable quarter/s. Hence, petitioner is deemed to have fulfilled the *ninth* requisite.

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[102] Exhibit "P-18", Line 20A, USB.
[103] Exhibit "P-18", Line 23D, USB.

In sum, petitioner has sufficiently proven its entitlement to the refund or issuance of tax credit certificate of its unutilized input VAT attributable to its zero-rated sales but only in the amount of **₱7,038,142.81**.

WHEREFORE, in light of the foregoing considerations, the present *Petition for Review* is **PARTIALLY GRANTED.**

Accordingly, respondent is ordered to refund or issue a tax credit certificate in favor of petitioner in the amount of **₱7,038,142.81** representing petitioner's unutilized input VAT attributable to its zero-rated sales for the fourth quarter of calendar year 2018 or for the period covering October 1, 2018 to December 31, 2018.

SO ORDERED.

CORAZON G. FERRER-FLORES
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

(On official business)
MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

ATTESTATION

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

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

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.

ROMAN G. DEL ROSARIO
Presiding Justice