CTA Form No. 8 (For DCC)

21-000500-0070

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL FIRST DIVISION

CTA CASE NO. 10708

HALLIBURTON WORLDWIDE LIMITED - PHILIPPINE BRANCH,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

NOTICE OF RESOLUTION

To:

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

ATTY. WILMER B. DEKIT
ATTY. JOANA Q. BILONGILOT
Bureau of Internal Revenue, Legal Division
BIR Revenue Region No. 8B-South NCR
2/F, BIR Regional Office Building
313 Sen. Gil Puyat Avenue
Makati City

SALVADOR LLANILLO & BERNARDO
Units 1706-1711, 17th Floor, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
1226 Makati City

GREETINGS:

You are hereby notified by these presents that on **April 22, 2026,** a Resolution was rendered in the above-entitled case, copy of which is attached hereto.

Quezon City, Philippines, **April 23, 2026.**

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

REPUBLIC OF THE PHILIPPINES
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HALLIBURTON WORLDWIDE LIMITED - PHILIPPINE BRANCH,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA Case No. **10708**

Members:

BACORRO-VILLENA, *Acting Chairperson,* *and*
CUI-DAVID, *JJ.*

Promulgated:
APR 22 2026 ; 3:50PM

x - x

RESOLUTION

BACORRO-VILLENA, J.:

For the Court's resolution are the following:

(1) Petitioner Halliburton Worldwide Limited - Philippine Branch's (**petitioner**'s) "Motion for Partial Reconsideration (Re: Decision dated 30 September 2025)" (**MPR**), filed personally on 23 October 2025 and emailed on 24 October 2025, without respondent Commissioner of Internal Revenue's (**respondent**'s/**CIR**'s) comment despite due notice;[1] and

(2) Respondent's "Motion for Reconsideration (Decision of 30 September 2025)" (**MR**), filed via registered mail on 22 October 2025 and emailed on 23 October 2025, with petitioner's "Comment/Opposition (Re: Respondent's

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1 See Records Verification dated 26 November 2025.

Motion for Reconsideration dated 22 October 2025)" (**Comment**), filed and emailed on 24 November 2025.

Both petitioner and respondent seek the reconsideration of this Court's Decision[2] promulgated on 30 September 2025 (**assailed Decision**), the dispositive portion of which reads as follows:

> ...
>
> **WHEREFORE**, premises considered, the instant Petition for Review filed on 17 December 2021 by petitioner Halliburton Worldwide Limited – Philippine Branch is hereby **PARTIALLY GRANTED**. Accordingly, respondent Commissioner of Internal Revenue is **ORDERED TO REFUND** or **TO ISSUE A TAX CREDIT CERTIFICATE** in favor of petitioner, in the reduced amount of **₱3,289,945.80**, representing its unutilized input Value-Added Tax attributable to its zero-rated sales/receipts for the 1st, 2nd, 3rd and 4th quarters of CY 2019.
>
> **SO ORDERED.**
>
> ...

I. PETITIONER'S MOTION FOR PARTIAL RECONSIDERATION (MPR)

In its MPR, petitioner asseverates that the Court erred in disallowing the: (1) zero-rated sales amounting to ₱4,016,749.66, explaining that the discrepancy arose from the 2% expanded withholding tax (**EWT**) deducted by its clients, Energy Development Corporation (**EDC**) and Philippine Geothermal Production Company, Inc. (**PGPC**), from gross payments; (2) zero-rated sales amounting to ₱88,197,856.60 because the official receipts (**ORs**) were duly-registered and printed under a valid Authority to Print (**ATP**), regardless of the date of issuance; and (3) input Value-Added Tax (**VAT**) of ₱540,685.48 since it pertains to services rendered within the claim period and was timely declared within the refund claim period, *i.e.*, first (**1st**) to fourth (**4th**) quarters of calendar year (**CY**) 2019.

We will address the foregoing in *seriatim*:

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[2] Division Docket, Volume II, pp. 1087-1150; Emphasis in the original text.

A. ZERO-RATED SALES AMOUNTING TO ₱4,016,749.66 WAS CORRECTLY DISALLOWED.

Petitioner maintains that the noted discrepancy is supported by the comparison between the amounts reflected in the ORs and the schedule of sales, as well as Independent Certified Public Accountant Richard S. Querido's (**ICPA Querido**'s) finding that the receipts reflected net amounts. Since VAT refund claims are civil in nature, petitioner stresses that only preponderance of evidence is required, not proof beyond reasonable doubt. Given the mathematical consistency of the discrepancy with the 2% withholding tax and the absence of contrary evidence, petitioner asserts that its zero-rated sales were sufficiently established.

Petitioner's theory proceeds from (**a**) comparing amounts in the ORs *versus* a schedule of sales, (**b**) ICPA Querido's view that the receipts "reflected net amounts," and (**c**) the claimed mathematical congruence of the discrepancy with the 2% withholding tax, coupled with the absence of "contrary evidence."

Jurisprudence recognizes VAT OR for VAT refund purposes, as primary, vital and material evidence.[3] It is a written acknowledgment of the fact of payment in money or other settlement between seller and buyer of goods, debtor or creditor, or person rendering services and client or customer.[4] Here, petitioner's ORs, as noted in the assailed Decision,[5] undisputedly show (on their face) the following material particulars:

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[3] See *Maibarara Geothermal, Inc., v. Commissioner of Internal Revenue*, G.R. No. 250479, 18 July 2022.

[4] *KEPCO Philippines Corporation v. Commissioner of Internal Revenue*, G.R. No. 181858, 24 November 2010.

[5] Supra at note 2, pp. 1107-1109.

Summary[6]/ Folder[7] Reference	**Exh. No.**	**Customer Name**	**OR No.**	**OR Date**	**Amount of Sales**		
					Prominently written on the line directly parallel to the term "VAT ZERO RATED" in the ORs	***Per* Schedule[8]**	**Difference**
Annex B-1	"P-436"	EDC	6510	21 June 2019	₱4,823,428.35	₱4,921,865.65	(₱98,437.30)
Annex B-1	"P-439"	EDC	6515	05 July 2019	9,194,627.61	9,382,273.07	(187,645.46)
Annex B-1	"P-443"	EDC	6516	26 July 2019	8,772,798.33	8,951,835.03	(179,036.70)
Annex B-1	"P-448"	EDC	6517	12 July 2019	13,081,736.65	13,348,710.87	(266,974.22)
Annex B-1	"P-451"	EDC	6518	19 July 2019	4,670,256.02	4,765,567.37	(95,311.35)
Annex B-1	"P-454"	EDC	6519	31 July 2019	337,751.86	341,163.49	(3,411.63)
Annex B-1	"P-459""	EDC	6520	23 August 2019	4,058,891.79	4,141,726.00	(82,834.21)
Annex B-1	"P-462"	EDC	6521	27 August 2019	1,382,528.43	1,410,743.60	(28,215.17)
Annex B-1	"P-467"	EDC	6522	18 September 2019	16,700,240.31	17,041,061.54	(340,821.23)
Annex B-1	"P-470"	EDC	6523	25 September 2019	12,076,554.19	12,323,014.48	(246,460.29)
Annex B-1	"P-475"	EDC	6525	04 October 2019	668,621.70	682,267.04	(13,645.34)
Annex B-1	"P-556"	EDC	6526	11 October 2019	1,313,440.98	1,340,245.90	(26,804.92)
Annex B-1	"P-480"	EDC	6527	08 November 2019	6,261,154.93	6,388,933.60	(127,778.67)
Annex B-1	"P-486"	EDC	6528	29 November 2019	14,652,752.74	14,951,788.52	(299,035.78)
Annex B-1	"P-489"	EDC	6529	06 December 2019	1,274,393.77	1,300,912.01	(26,518.24)
Annex B-1	"P-494"	EDC	6530	26 December 2019	22,727,502.99	22,985,761.00	(258,258.01)
Annex B-2	"P-499"	EDC	6505	04 January 2019	12,582,067.12	12,838,843.99	(256,776.87)
Annex B-2	"P-505"	EDC	6506	27 March 2019	12,603,671.98	12,860,889.88	(257,217.90)
Annex B-2	"P-510"	EDC	6507	13 March 2019	13,447,219.26	13,721,652.31	(274,433.05)
Annex B-2	"P-514"	EDC	6508	20 March 2019	1,308,723.26	1,335,431.90	(26,708.64)
Annex B-2	"P-515"	EDC	6509	20 March 2019	16,908,786.02	17,253,863.35	(345,077.33)
Annex B-2	"P-522"	EDC	6511	29 March 2019	15,357,221.60	15,670,634.28	(313,412.68)
Annex B-2	"P-525"	EDC	6513	02 May 2019	12,245,332.66	12,495,237.40	(249,904.74)
Annex B-2	"P-529"	EDC	6514	22 May 2019	2,646,153.74	2,700,156.89	(54,003.15)
Annex B-1	"P-497"	PGPC	1161	19 March 2019	1,098,680.96	1,056,707.74	41,973.22
				Total	**₱210,194,537.25**	**₱214,211,286.91**	**(₱4,016,749.66)**

As it stands, petitioner's VAT-registered ORs reflect the zero-rated sales totaling ₱210,194,537.25, not the ₱214,211,286.91 as petitioner claims. On the face of petitioner's *own* ORs, therefore, the

[6] Division Docket, Volume I, pp. 640-642.
[7] USB (Exhibit "P-36-5").
[8] Exhibit "P-551", USB.

amount acknowledged and receipted for the transaction is ₱210,194,537.25.

Tellingly, petitioner is the seller and the issuer of these ORs. If petitioner's present theory is that the amounts reflected therein were "wrongly indicated," then it was incumbent upon petitioner (at the time of issuance) to have the ORs corrected in accordance with proper invoicing practice. Petitioner did not do so. Having issued the ORs as they are, petitioner cannot now ask the Court to disregard the documentary proof it generated and substitute it with an after-the-fact claim based on "mathematical logic." Settled is the rule that a VAT refund claim must be established by sufficient and competent evidence and the same is *strictissimi* scrutinized.[9] A mere assertion of "mathematical logic" is not sufficient.[10]

Accordingly, petitioner's bare insistence that a different figure should be recognized by "mathematical logic," despite the contrary figures on its own VAT ORs, falls short of the positive, competent proof demanded in VAT refund cases.

Furthermore, petitioner's reliance on ICPA Querido's findings likewise does not cure the defect. It bears stressing that this Court is not bound by the findings of the court-commissioned ICPA. The ICPA Report is but a tool or guide to aid the Court in the resolution of the case. It is only persuasive in nature and not conclusive upon the Court. Section 3, Rule 13 of the Revised Rules of the Court of Tax Appeals (**RRCTA**), provides:

> ...
> SEC. 3. *Findings of independent CPA.* – The submission by the independent CPA of pre-marked documentary exhibits shall be subject to verification and comparison with the original documents, the availability of which shall be the primary responsibility of the party possessing such documents and, secondarily, by the independent CPA. **The findings and conclusions of the independent CPA** may be challenged by the parties and **shall not be conclusive upon the**

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9 See *Coca-Cola Bottlers Philippines, Inc. v. Commissioner of Internal Revenue*, G.R. No. 222428, 19 February 2018, citing *Atlas Consolidated Mining and Development Corporation v. Commissioner of Internal Revenue*, G.R. No. 159490, 18 February 2008.

10 See *Maibarara Geothermal, Inc., v. Commissioner of Internal Revenue*, G.R. No. 256720, 07 August 2024.

> **Court, which may, in whole or in part, adopt such findings and conclusions subject to verification.**[11]
>
> ...

Thus, while the ICPA is commissioned to assist the Court in determining the merits of a taxpayer's case, its findings and conclusions are not conclusive upon the Court. The Court remains free to either fully or partially adopt, or entirely disregard, the ICPA's findings after conducting its own verification and evaluation of the evidence on record.[12] In other words, the Court will still examine and verify the documents that the ICPA audited or reviewed. Moreover, in the exercise of its sound discretion, the Court may render judgment without considering the ICPA Report. Clearly, petitioner cannot rely solely on the ICPA's findings to substantiate its claim, as the ultimate determination rests with the Court based on the evidence submitted by the parties.

B. ZERO-RATED SALES AMOUNTING TO ₱88,197,856.60 WAS CORRECTLY DISALLOWED.

Petitioner challenges the disallowance of ₱88,197,856.60 in alleged zero-rated sales, arguing that the subject ORs should not be rejected merely because they were issued outside the "validity period" stated in the ATP. Petitioner insists that what matters is only that the receipts were printed under a valid ATP, and it invokes later regulations that allegedly removed ATP validity periods.

The argument fails to persuade.

As exhaustively discussed in the assailed Decision,[13] although the ATP need not be reflected or indicated on the face of the invoices or ORs because no law or regulation requires its printing, this does not dispense with the statutory requirement that the taxpayer must secure an ATP

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11 Italics in the original text, emphasis and underscoring supplied.

12 See *Tullett Prebon (Philippines Inc.) v. Commissioner of Internal Revenue*, G.R. Nos. 257219 (Formerly UDK No. 16941), 15 July 2024.

13 Supra at note 2, p. 1109.

prior to printing and must issue duly registered receipts before these may be used as competent proof for a VAT refund claim.[14]

Here, petitioner's ORs are dated March and May 2019, while the ATP it presented is valid only from 07 June 2019 to 06 June 2024. By petitioner's own evidence, the cited ATP could not have authorized the printing of the subject ORs prior to their issuance. Perforce, petitioner's ORs (issued before the start of the validity period, *i.e.*, 07 June 2019) are treated as unregistered and consequently, carry no probative value for purposes of proving zero-rated sales and entitlement to a VAT refund.

C. INPUT VALUE-ADDED TAX OF ₱540,685.48 WAS CORRECTLY DISALLOWED.

Petitioner maintains that the disallowance of ₱540,685.48 in input VAT was improper because the input VAT fell within the allowable period of claim. Petitioner explains that the VAT related to services rendered in December 2019 was properly declared and remitted through the withholding VAT return filed in January 2020. Petitioner argues that input VAT becomes creditable upon consumption of the services and should therefore be considered within the claim period. Accordingly, petitioner insists that it sufficiently proved its entitlement to the claimed input VAT.

We disagree.

Sections 4.110-8(a) and (d) and 4.114-2(b) of Revenue Regulations (**RR**) No. 16-2005, as amended by RR No. 04-2007,[15] provide for the substantiation requirements of input tax credits, as follows:

> ...
>
> **SEC. 4.110-8. *Substantiation of Input Tax Credits.*** —
>
> (a) Input taxes for the importation of goods or the domestic purchase of goods, properties or services is made in the course of trade or business, whether such input taxes shall be credited against zero-

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14 See *Silicon Philippines, Inc. (Formerly Intel Philippines Manufacturing, Inc.) v. Commissioner of Internal Revenue*, G.R. No. 172378, 17 January 2011.

15 Amending Certain Provisions of Revenue Regulations No. 16-2005, As Amended, Otherwise Known as the Consolidated Value-Added Tax Regulations of 2005.

rated sale, non-zero-rated sales, or subjected to the 5% Final Withholding VAT, **must be substantiated and supported by the following documents, and must be reported in the information returns required to be submitted to the Bureau**:

(1) For the importation of goods — import entry or other equivalent document **showing actual payment of VAT on the imported goods**.
(2) For the domestic purchase of goods and properties — invoice showing the information required under Secs. 113 and 237 of the Tax Code.
(3) For the purchase of real property — public instrument i.e., deed of absolute sale, deed of conditional sale, contract/agreement to sell, etc., together with VAT invoice issued by the seller.
(4) For the purchase of services — official receipt showing the information required under Secs. 113 and 237 of the Tax Code.

A cash register machine tape issued to a registered buyer shall constitute valid proof of substantiation of tax credit only if it shows the information required under Secs. 113 and 237 of the Tax Code.

...

(d) Input tax from payments made to non-residents (such as for services, rentals and royalties) **shall be supported by a copy of the Monthly Remittance Return of Value[-]Added Tax Withheld (BIR Form 1600) *filed* by the resident payor in behalf of the non-resident evidencing remittance of VAT due which was withheld by the payor**.

...

SEC. 4.114-2. ***Withholding of VAT on Government Money Payments and Payments to Non-Residents.*** —

...

(b) The government or any of its political subdivisions, instrumentalities or agencies, including GOCCs, as well as private corporations, individuals, estates and trusts, whether large or non-large taxpayers, shall withhold twelve percent (12%) VAT, starting February 1, 2006, with respect to the following payments:

(1) Lease or use of properties or property rights owned by non-residents; and

(2) Other services rendered in the Philippines by non-residents.

> In remitting VAT withheld, the withholding agent shall use BIR Form No. 1600 Remittance Return of VAT and Other Percentage Taxes Withheld.
>
> **VAT <u>withheld</u> and <u>paid</u> for the non-resident recipient (remitted using BIR Form No. 1600)**, which VAT is passed on to the resident withholding agent by the non-resident recipient of the income, **may be claimed as input tax by said VAT-registered withholding agent <u>upon filing his own VAT Return</u>**, subject to the rule on allocation of input tax among taxable sales, zero-rated sales and exempt sales. **The duly filed BIR Form No. 1600 is the proof or documentary substantiation for the claimed input tax or input VAT.**[16]
>
> ...

Under the Philippine VAT system, input VAT on services is not creditable upon "consumption" alone. Rather, in the case of purchase of services, Section 110(A)(1)(b)[17] of the National Internal Revenue Code (**NIRC**) of 1997, as amended,[18] provides that the input VAT becomes creditable upon payment, *i.e.*, at the point the VAT burden is actually borne and the tax becomes properly attributable to the purchaser.

The above rule applies with even greater force to transactions with nonresident foreign suppliers, where the VAT is collected through the withholding-and-remittance mechanism by the domestic purchaser. Unlike a domestic VAT-registered supplier, who is expected to report and remit output VAT in the ordinary course of trade or business,[19] a nonresident foreign supplier, who is not engaged in trade or business within the Philippines,[20] typically has no local VAT registration or routine Philippine output VAT remittance for the transaction. Thus, no presumption of government receipt arises from the mere existence of the transaction or the rendition of services within the Philippines. Consequently, petitioner-purchaser must affirmatively establish that it

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16 Italics in the original text, emphasis and underscoring supplied.

17 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:
...
(b) Purchase of services on which **a value-added tax has been actually paid**. (Emphasis supplied)

18 As amended by Republic Act (RA) No. 10963 or the "Tax Reform for Acceleration and Inclusion (TRAIN)," but before the amendments introduced by RA 11976 or the "Ease of Paying Taxes Act" [EOPTA].

19 See NIRC of 1997, as amended, Sec. 105.

20 See id., Sec. 22(1).

withheld and actually remitted the withholding VAT (**WVAT**) to the Bureau of Internal Revenue (**BIR**). Stated differently, petitioner cannot claim credit or seek refund of WVAT before the period of remittance, because the State cannot refund (or credit) a tax that has not been shown to have been received.

At the risk of being repetitive, the Court must underscore that actions for tax refund or credit, as in the instant case, are in the nature of a claim for exemption and the pieces of evidence presented to entitle a taxpayer to an exemption is *strictissimi* scrutinized and must be duly proven. The burden is on the taxpayer-claimant to show that it has strictly complied with the conditions for the grant of the tax refund or credit.[21]

II. RESPONDENT'S MOTION FOR RECONSIDERATION (MR)

Respondent asseverates that this Court erred in partially granting petitioner's claim for VAT refund. Citing the dissenting opinion of then Presiding Justice Roman G. Del Rosario (now retired) in the assailed Decision, respondent opines that since petitioner failed to have the term "zero-rated sale" prominently imprinted or written in accordance with Section 113(B)(2)(c)[22] of the NIRC of 1997, as amended, petitioner failed to comply with the requisites for the entitlement to tax refund or credit of excess input VAT attributable to zero-rated sales.

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21 Supra at note 9.

22 **SEC. 113.** *Invoicing and Accounting Requirements for VAT-Registered Persons.* —

...

(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:

   (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**[.]

In the Comment, petitioner counters that a 'breakdown' conspicuously showing that the said sale transaction is zero-rated substantially complies with the imprinting requirement under Section 113(B)(2)(c)[23] of the NIRC of 1997, as amended.

We have tersely addressed this in the assailed Decision,[24] where We held that a 'breakdown' in the ORs, clearly identifying the transaction as a zero-rated sale, constitutes substantial compliance with the imprinting requirements.[25] Additionally, if We were to sustain respondent's protestation, the same would run counter to one of the canons of a sound tax system, *i.e.*, administrative feasibility, which means that the tax system should be capable of being effectively administered and enforced with the **least inconvenience to the taxpayer**.[26] Certainly, to require the seller, such as petitioner, to redundantly print the terms "exempt" or "zero-rated" **again** on all copies of the same invoice or receipt, when the nature of the transaction and its classification as either exempt, zero-rated or subject to 12% VAT can already be ascertained through the **breakdown** provided therein would impose an unnecessary burden. Such a requirement would neither enhance tax compliance nor revenue administration, but would instead encumber taxpayers with superfluous technicalities, thereby defeating the very principle of administrative feasibility that our tax system aspires to uphold.

In view of the foregoing disquisition, the Court discerns no compelling ground to disturb, much less reverse, the assailed Decision.[27]

WHEREFORE, premises considered, petitioner Halliburton Worldwide Limited – Philippine Branch's "Motion for Partial Reconsideration (Re: Decision dated 30 September 2025)" filed personally on 23 October 2025 and emailed on 24 October 2025 and respondent Commissioner of Internal Revenue's "Motion for Reconsideration (Decision of 30 September 2025)" filed *via* registered mail on 22 October 2025 and emailed on 23 October 2025 are **DENIED** for lack of merit.

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23 Id.
24 Supra at note 2, pp. 1115-1116.
25 Id.
26 See *Renato V. Diaz and Aurora Ma. F. Timbol v. The Secretary of Finance and the Commissioner of Internal Revenue*, G.R. No. 193007, 19 July 2011.
27 Supra at note 2, pp. 1115-1116.

SO ORDERED.

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

LANEE S. CUI-DAVID
Associate Justice