REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

Third Division

MANULIFE DATA SERVICES, INC., *Petitioner,*

- *versus* -

COMMISSIONER OF INTERNAL REVENUE, *Respondent.*

CTA CASE NO. 8482

x -- x

MANULIFE DATA SERVICES, INC., *Petitioner,*

- *versus* -

COMMISSIONER OF INTERNAL REVENUE, *Respondent.*

CTA CASE NO. 8513

x -- x

MANULIFE DATA SERVICES, INC., *Petitioner,*

- *versus* -

COMMISSIONER OF INTERNAL REVENUE, *Respondent.*

CTA CASE NO. 8560

x -- x

MANULIFE DATA SERVICES, INC., *Petitioner,*

- *versus* -

COMMISSIONER OF INTERNAL REVENUE, *Respondent.*

CTA CASE NO. 8611

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

Promulgated:

APR 19 2017
3:50 p.m.

x -- x

D E C I S I O N

BAUTISTA, J:

The Case

Before the Court are four (4) consolidated Petitions for Review[1] filed by petitioner, Manulife Data Services, Inc., on April 30, 2012, July 6, 2012, October 22, 2012 and February 12, 2013, for *Court of Tax Appeals ("CTA") Case Nos. 8482, 8513, 8560* and *8611*, respectively, pursuant to *Section 7(a)(2)*[2] *of Republic Act ("RA") No. 1125*[3], as amended by *RA No. 9282*[4] and *RA No. 9503*[5]. The Petitions for Review seek for the Court to render judgment:

1. Granting petitioner the refund or the issuance of tax credit certificates ("TCC"), and ordering respondent to refund or to issue TCCs, in the total amount Php31,163,939.20 representing excess and unutilized input value-added tax ("VAT"), broken down as follows:

a. Php11,997,999.50 for the first quarter of calendar year ("CY") 2010;[6]

b. Php10,304,630.58 for the second quarter of CY 2010;[7]

c. Php4,124,167.60 for the third quarter of CY 2010;[8] and

---

[1] *Records, CTA Case No. 8482, Vol. 1, Petition for Review ("PFR"),* pp. 6-87, with annexes; *Records, CTA Case No. 8513, PFR,* pp. 10-100, with annexes; *Records, CTA Case No. 8560, PFR,* pp. 7-84, with annexes; *Records, CTA Case No. 8611, PFR,* pp. 8-92, with annexes.

[2] "Sec. 7. *Jurisdiction.* - The Court of Tax Appeals shall exercise:

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

xxx xxx xxx

(2)Inaction by the Commissioner of Internal Revenue in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relations thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue, where the National Internal Revenue Code provides a specific period of action, in which case the inaction shall be deemed a denial;

xxx xxx xxx"

[3] An Act Creating the Court of Tax Appeals, as Amended.

[4] An Act Expanding the Jurisdiction of the Court of Tax Appeals (CTA), Elevating its Rank to the Level of a Collegiate Court with Special Jurisdiction and Enlarging its Membership, Amending for the Purpose Certain Sections of Republic Act No. 1125, as amended, Otherwise Known as the Law Creating the Court of Tax Appeals, and for Other Purposes.

[5] An Act Enlarging the Organizational Structure of the Court of Tax Appeals, Amending for the Purpose Certain Sections of the Law Creating the Court of Tax Appeals, and for Other Purposes.

[6] *Records, CTA Case No. 8482, Vol. 1, PFR, Prayer,* p. 17.

[7] *Id., CTA Case No. 8513, PFR, Prayer,* p. 21.

d. Php4,737,141.52 for the fourth quarter of CY 2010.[9]

2. In the alternative, allowing petitioner to present evidence to prove its entitlement to the refund or the issuance of the TCCs sought, and ordering respondent to refund or to issue TCCs in the above-stated amounts.[10]

The Parties

Petitioner is a foreign corporation duly registered with, and authorized by, the Securities and Exchange Commission ("SEC") to operate as a Regional Operating Headquarter ("ROHQ") under SEC Certificate of Registration No. FS200603505[11].[12] It is engaged in the business of providing qualifying services to its affiliates and related parties in the Asia-Pacific Region and in other foreign markets.[13] Petitioner is a VAT-registered entity with Taxpayer Identification Number ("TIN") 244-027-271-000 and was issued BIR Certificate of Registration Nos. 3RC0000421626[14] and 3RC0000330824[15] by BIR Revenue District ("RD") Nos. 38 and 39, respectively.[16] Sometime in January 2009, petitioner transferred its registered address to Manulife Building, UP North Science and Technology Park, Commonwealth Avenue, Diliman, Quezon City.[17]

Respondent Commissioner of Internal Revenue ("CIR") is the duly appointed Commissioner of the BIR, who is empowered by law to decide tax cases, including claims for refunds or tax credits.

The Facts

---

[8] *Records, CTA Case No. 8560, PFR, Prayer,* p. 16.
[9] *Id., CTA Case No. 8611, PFR, Prayer,* p. 15.
[10] *Records, CTA Case No. 8482, Vol. 1, PFR, Prayer,* p. 18; *Records, CTA Case No. 8513, PFR, Prayer,* pp. 21-22; *Records, CTA Case No. 8560, PFR, Prayer,* p. 16; *Records, CTA Case No. 8611, PFR, Prayer,* p. 15.
[11] *Exhibit Folder No. 1, Exhibit "P-38,"* p. 1.
[12] *Records, CTA Case No. 8482, Vol. 3, Consolidated Joint Stipulation of Facts and Issue ("JSFI"),* p. 1095.
[13] *Id.*
[14] *Exhibit Folder No. 1, Exhibit "P-39-a,"* p. 1.
[15] *Id., Exhibit "P-39,"* p. 1.
[16] *Records, CTA Case No. 8482, Vol. 3, Consolidated JSFI,* p. 1095.
[17] *Id.* at 1095-1096.

Petitioner entered into a Business Processing Services Agreement[18] ("BPSA") with Manulife (International) Limited ("MIL") effective April 10, 2006, wherein petitioner undertook to provide administrative and such other business processing outsourcing ("BPO") services[19] to MIL.

On October 25, 2007, petitioner entered into a Services Agreement[20] ("SA") with John Hancock Life Insurance Company (U.S.A.) ("JHLIC"), which was deemed to have commenced on May 1, 2006[21]. The SA covers the performance of administrative, information technology, reports, support, and other services as JHLIC deems necessary in the conduct of its operations or the operations of one or more of its affiliates.[22]

On May 1, 2006, petitioner entered into a Master Administrative Services Agreement ("MASA") with The Manufacturers Life Insurance Company[23] ("TMLIC"), wherein it undertook to provide administrative and such other services[24].

On April 23, 2010, petitioner entered into a Service Agreement[25] with Manulife Insurance Berhad ("MIB"), wherein petitioner undertook to provide MIB with certain administrative and other BPO services[26], including a health services call center.[27]

MIL, JHLIC, TMLIC and MIB shall collectively be referred to as "clients;" and the corresponding BPSA with MIL, SA with JHLIC, MASA with TMLIC, and SA with MIB, shall collectively be referred to as "Service Agreements" or "SAs."

CTA Case No. 8482 (First Quarter of CY 2010)

---

[18] *Exhibit Folder No. 1, Exhibit "P-43," Business Processing Services Agreement ("BPSA"),* pp. 1-16.
[19] *Id., Exhibit "P-43-b," BPSA, Article 1,* p. 1.
[20] *Id., Exhibit "P-44," JHLIC Services Agreement ("SA"),* pp. 1-15.
[21] *Id., Exhibit "P-45-b," Addendum to the SA dated as of October 25, 2007,* p. 1.
[22] *Id., Exhibit "P-44-b," SA, Article 1,* p. 2.
[23] *Id., Exhibit "P-46," Master Administrative Services Agreement ("MASA"),* pp. 1-14.
[24] *Exhibit Folder No. 1, Exhibit "P-46-b," MASA, Article 1,* p. 2.
[25] *Id., Exhibit "P-52," MIB SA,* pp. 1-16.
[26] *Id., Exhibit "P-52," MIB SA, Whereas Clauses 4 and 5,* p. 1.
[27] *Id., Exhibit "P-52-e," Schedule 1, Services and Service Levels, A. Health Services Call Centre ("HSCC"),* p. 1.

Petitioner filed its Quarterly VAT Declaration (BIR Form No. 2550-Q)[28] for the first quarter of CY 2010 (January to March) on April 23, 2010, showing an overpayment of Php34,307,534.36[29]. Petitioner reflected VATable zero-rated sales amounting to Php276,172,047.36[30].

On December 6, 2011, petitioner filed with Revenue District Office ("RDO") No. 38 an Application for Refund/Tax Credit of Excess and Unutilized Input VAT[31] for the first quarter of 2010 in the amount of Php11,997,999.50, together with BIR Form No. 1914 asking specifically for the issuance of a TCC[32].

Claiming inaction on the part of respondent,[33] on April 30, 2012, petitioner filed a Petition for Review[34], docketed as *CTA Case No. 8482*, which was raffled to the CTA Third Division.

On June 5, 2012, the Court issued a Summons[35] addressed to respondent, with an order to file an Answer.

On June 25, 2012, respondent filed a Motion for Extension of Time to File Answer[36], which was granted by the Court in a Resolution[37] dated July 2, 2012.

On July 26, 2012, respondent filed an Answer[38], wherein he raised the following special and affirmative defenses: *(1)* that petitioner failed to show that it filed an application for tax refund/TCC with RDO No. 38; *(2)* that its application for tax refund/TCC is subject to administrative investigation/examination by the BIR; *(3)* that taxes paid and collected are presumed to have been paid in accordance with law and regulations, hence, not refundable; *(4)* that it is incumbent upon the taxpayer to prove compliance with *Sections 112, 113 and 114 of the 1997 National Internal Revenue Code, as amended ("1997 NIRC")*; and *(5)* that claims for

---

[28] *Exhibit Folder No. 2, Exhibit "P-1701," Quarterly VAT Return for the First Quarter,* pp. 1-2.
[29] *Id., Line 29,* p. 1.
[30] *Id., Line 17,* p. 1.
[31] *Id., Exhibit "P-1700," Administrative Claim for Refund for the First Quarter,* pp. 1-3.
[32] *Id., Exhibit "P-1700," Administrative Claim for Refund for the First Quarter, Annex, BIR Form No. 1914,* p. 1.
[33] *Records, CTA Case No. 8482, Vol. 3, PFR,* p. 2.
[34] *Id., Vol. 1, PFR,* pp. 6-87, with annexes.
[35] *Id., Vol. 1,* p. 88.
[36] *Id.* at 90-91.
[37] *Id.* at 93.
[38] *Id., Answer,* pp. 94-97.

refund are strictly construed against the taxpayer, as it partakes the nature of a tax exemption.

On July 27, 2012, the Court issued a Notice of Pre-trial Conference[39], setting the case for pre-trial on August 23, 2012.

Thereafter, respondent and petitioner filed their Pre-trial Briefs on August 17, 2012[40] and August 22, 2012[41], respectively.

On August 13, 2012, petitioner filed by registered mail its Reply (Re: Answer dated 26 July 2012)[42].

Due to the pending Motion for Consolidation in *CTA Case No. 8513*, the pre-trial conference was reset to September 6, 2012.[43]

CTA Case No. 8513 (Second Quarter of CY 2010)

On July 26, 2010, petitioner filed its Quarterly VAT Return (BIR Form No. 2550-Q)[44] for the second quarter (April to June) of CY 2010 showing an overpayment of Php39,391,537.49[45]. It reflected zero-rated sales amounting to Php301,265,898.75[46].

On February 17, 2012, BIR RDO No. 38 received petitioner's Application for Refund/Tax Credit of Excess and Unutilized Input VAT[47] for the second quarter of 2010, amounting to Php10, 304,630.58, together with BIR Form No. 1914[48].

Claiming inaction on the part of respondent,[49] on July 6, 2012, petitioner filed a Petition for Review[50], docketed as *CTA Case No. 8513*, which was raffled to the CTA Third Division.

---

[39] *Records, CTA Case No. 8482, Vol. 1,* p. 98.
[40] *Id.* at 99-101.
[41] *Id.* at 102-121.
[42] *Id., Reply (Re: Answer dated 26 July 2012),* pp. 122- 137, with annexes.
[43] *Id., Vol. 1,* p. 139.
[44] *Exhibit Folder No. 1, Exhibit "P-18," Quarterly VAT Return for the Second Quarter,* pp. 1-2.
[45] *Id., Line 29,* p. 1.
[46] *Id., Line 17,* p. 1.
[47] *Exhibit Folder No. 2, Exhibit "P-1719," Administrative Claim for Refund for the Second Quarter,* pp. 1-3.
[48] *Id., Annex, BIR Form No. 1914,* p. 1.
[49] *Records, CTA Case No. 8482, Vol. 3, PFR,* p. 2.
[50] *Id., CTA Case No. 8513, PFR,* pp. 10-100, with annexes.

On July 17, 2012, the Court issued a Summons[51] addressed to respondent, with an order to file an Answer.

On July 20, 2012, respondent filed an Answer[52], wherein he raised the following special and affirmative defenses: *(1)* that pursuant to *Section 112(A) and (C) of the 1997 NIRC*, and the ruling of the Supreme Court in *Commissioner of Internal Revenue v. Aichi Forging Company of Asia, Inc.*, petitioner's claim for refund for the second quarter VAT input taxes have already prescribed; *(2)* that the judicial claim for refund was filed outside the two (2)-year prescriptive period, reckoning from the close of the taxable quarter when the sales were made; and *(3)* that tax refunds and tax credits are construed strictly against the taxpayer.

On July 23, 2012, the Court issued a Notice of Pre-trial Conference[53] scheduled on August 23, 2012.

On August 3, 2012, petitioner filed a Motion for Consolidation[54], stating that *CTA Case No. 8482* involves the same parties and affects closely related subject matters as *CTA Case No. 8513*, hence, the two (2) cases must be consolidated and jointly tried in order to serve the best interests of the parties, and to expeditiously settle the issues involved.

Respondent filed his Pre-trial Brief[55] on August 10, 2012.

Petitioner filed by registered mail its Reply (Re: Answer dated 20 July 2012)[56] on August 6, 2012; and its Pre-trial Brief[57] on August 22, 2012.

Due to the pending Motion for Consolidation, the Pre-trial Conference was reset to September 6, 2012.[58]

---

[51] *Records, CTA Case No. 8513*, p. 106.
[52] *Id., Answer*, pp. 101-105.
[53] *Id.* at 107.
[54] *Id.* at 109–129.
[55] *Id.* at 130-134.
[56] *Id., Reply (Re: Answer dated 20 July 2012)*, pp. 137-147.
[57] *Records, CTA Case No. 8513*, pp. 149-167.
[58] *Id.* at 168.

The Motion for Consolidation was granted by the Court during the hearing held on August 23, 2012[59]. Consequently, the pre-trial conference set for that day for *CTA Case Nos. 8482 and 8513* was cancelled and reset to September 6, 2012.[60] These were confirmed in a Resolution[61] dated September 4, 2012.

Consolidated CTA Case Nos. 8482 and 8513 (First and Second Quarters of CY 2010)

During the hearing on September 6, 2012, the parties manifested that they are amenable to the filing of their respective consolidated Pre-trial Briefs for *CTA Case Nos. 8482 and 8513*.[62] They were then granted fifteen (15) days or until September 21, 2012 to file their respective consolidated Pre-trial Briefs.[63] Meanwhile, pre-trial conference was reset to October 4, 2012.[64]

Petitioner filed, by registered mail, its Consolidated Pre-trial Brief[65] on September 21, 2012; while respondent filed his Consolidated Respondent's Pre-trial Brief[66] on October 1, 2012.

During the hearing on October 4, 2012, the Court granted the parties a period of twenty (20) days or until October 24, 2012, to submit their Joint Stipulation of Facts and Issues ("JSFI").[67]

On October 24, 2012, petitioner filed a Motion for Extension[68], which was granted by the Court in a Resolution[69] dated November 5, 2012. Thereafter, the parties filed their Consolidated JSFI[70] on November 7, 2012.

On November 13, 2012, the Court issued a Pre-trial Order[71]. On even date, petitioner filed an Urgent Motion (To Postpone

---

[59] *Records, CTA Case No. 8513,* p. 168.
[60] *Id.*
[61] *Id.* at 170.
[62] *Records, CTA Case Nos. 8482 & 8513, Vol. 1, Minutes of Hearing dated September 6, 2012,* p. 140.
[63] *Id.*
[64] *Id.*
[65] *Id., Vol. 1,* pp. 145-168.
[66] *Id.* at 142-144.
[67] *Records, CTA Case Nos. 8482 & 8513, Vol. 1, Minutes of Hearing dated October 4, 2012,* p. 170; *Records, CTA Case Nos. 8482 & 8513, Vol. 1,* p. 175.
[68] *Records, CTA Case Nos. 8482 & 8513, Vol. 1,* pp. 176-179.
[69] *Id.* at 181.
[70] *Id., Vol. 1, Consolidated JSFI,* pp. 186-190; the parties filed a "Joint Stipulation of Facts and Issue."
[71] *Id., Pre-Trial Order ("PTO"),* pp. 197-205.

N

Presentation of Evidence and to Set Additional Commissioner's Hearing)[72], which was granted[73] by the Court during the hearing on November 15, 2012. The initial presentation of evidence for petitioner was reset to December 12, 2012.[74]

On December 11, 2012, petitioner filed its Compliance[75], with attached Sworn Statement of its Accounting Specialist, Ms. Agnes N. Neria[76] ("Ms. Neria"). Ms. Neria testified that for the first and second quarters of CY 2010, petitioner rendered services to three (3) foreign clients - MIL, JHLIC, and TMLIC - and that those services were paid for in United States ("US") Dollars remitted inwardly to its US Dollar Citibank Account; and that petitioner did not generate domestic sales of services for that period.[77] Ms. Neria expalined that petitioner had unutilized input VAT for the first and second quarters of CY 2010; that Applications for Refund/Tax Credit of Input VAT was filed before RDO NO. 38 on December 6, 2011 and February 17, 2012, respectively; and that the BIR did not release any decision regarding their claims.[78] During the December 12, 2012 hearing, petitioner presented Ms. Neria, who was set to be cross-examined on January 17, 2013.[79]

On January 14, 2013, respondent filed an Urgent Motion to Reset Hearing[80], which was granted[81] by the Court during the January 17, 2013 hearing. Accordingly, the scheduled cross-examination of Ms. Neria was reset to February 18, 2013.[82]

On February 13, 2013, petitioner filed an Urgent Motion (To Postpone Presentation of Evidence)[83], this was granted by the Court during the February 14, 2013[84] hearing. Accordingly, the February 18, 2013 and March 18, 2013 settings fixed in the Pre-trial Order in *CTA*

---

[72] *Records, CTA Case Nos. 8482 & 8513, Vol. 1,* pp. 209-213.
[73] *Id., Minutes of Hearing dated November 15, 2012,* p. 215.
[74] *Id.*
[75] *Id., Vol. 1,* pp. 229-232.
[76] *Records, CTA Case Nos. 8482 & 8513, Vol. 1, Sworn Statement of Ms. Agnes N. Neria (To Questions Propounded by Atty. Maryl Karen Ang G. Go),* pp. 233-248; *Exhibit Folder No. 2, Exhibit "P-1718," Sworn Statement of Ms. Agnes N. Neria (To Questions Propounded by Atty. Maryl Karen Ang G. Go),* pp. 1-16.
[77] *Exhibit Folder No. 2, Exhibit "P-1718," Sworn Statement of Ms. Agnes N. Neria (To Questions Propounded by Atty. Maryl Karen Ang G. Go),* pp. 1-16.
[78] *Id.*
[79] *Records, CTA Case Nos. 8482 & 8513, Vol. 1, Minutes of Hearing dated December 12, 2012,* p. 249.
[80] *Id., Vol. 1,* pp. 250-254, with annex.
[81] *Id., Minutes of Hearing dated January 17, 2013,* p. 255.
[82] *Id.*
[83] *Id., Vol. 1,* pp. 261-264.
[84] *Records, CTA Case Nos. 8482 & 8513, Vol. 1, Minutes of Hearing dated February 14, 2013,* p. 266.

Case Nos. 8482 and 8513 are cancelled. The Pre-trial Conference for *CTA Case No. 8560* set on February 14, 2013 was cancelled and reset to April 4, 2013, due to the parties' failure to file their respective pre-trial briefs.

CTA Case No. 8560 (Third Quarter of CY 2010)

On October 22, 2010, petitioner filed its Quarterly VAT Return (BIR Form No. 2550-Q)[85] for the third quarter (July to September) of CY 2010 showing an overpayment of Php43,646,090.89[86]. Petitioner reflected zero-rated sales only amounting to Php302,356,407.12[87].

On May 25, 2012, RDO No. 38 received petitioner's Application for Refund/Tax Credit of Excess and Unutilized Input VAT[88] dated May 22, 2012 for the refund of excess and unutilized input VAT for the third quarter of CY 2010 amounting to Php4,124,167.60. Attached thereto is BIR Form No. 1914[89].

Alleging inaction by respondent on its claim for refund,[90] petitioner filed a Petition for Review[91] on October 22, 2012, docketed as *CTA Case No. 8560*, and was raffled to the CTA Third Division. The corresponding Summons[92] was issued on November 9, 2012.

On November 28, 2012, respondent filed his Motion for Extension of Time to File Answer[93], which was granted[94] by the Court on December 4, 2012.

On December 28, 2012, respondent filed an Answer[95], wherein he raised the following special and affirmative defenses: *(1)* that petitioner's claim for tax refund or TCC is subject to the BIR's administrative investigation/examination; *(2)* that taxes paid and

---

[85] *Exhibit Folder No. 1, Exhibit "P-19," Quarterly VAT Return for the Third Quarter*, pp. 1-2.
[86] *Id., Line 29*, p. 1.
[87] *Id., Line 17*, p. 1.
[88] *Exhibit Folder No. 2, Exhibit "P-1719," Administrative Claim for Refund for the Third Quarter*, pp. 1-3.
[89] *Exhibit Folder No. 1, Exhibit "P-1," Administrative Claim for Refund for the Third Quarter, Annex, BIR Form No. 1914*, p. 1.
[90] *Records, CTA Case No. 8482, Vol. 3, PFR*, p. 2.
[91] *Id, CTA Case No. 8560, PFR*, pp. 7-84, with annexes.
[92] *Id.* at p. 85.
[93] *Id.* at 89-90.
[94] *Id.* at 92.
[95] *Id., Answer*, pp. 93-97.

collected are presumed to have been paid in accordance with law, rules and regulations, and the burden to prove otherwise is incumbent upon petitioner; *(3)* that petitioner must prove its entitlement to a claim for refund; and *(4)* that plain allegations without any evidentiary document to support petitioner's claim will not justify its application for tax refund. He also argues that a tax credit or refund, like a tax exemption, is strictly construed against the taxpayer.

Meanwhile, the Court issued a Notice of Pre-trial Conference[96] on January 2, 2013, setting the case for pre-trial on February 14, 2013.

On January 10, 2013, petitioner filed a Motion for Consolidation[97], praying that *CTA Case No. 8560* be consolidated with *CTA Case No. 8482*, considering that the cases involve the same parties, a common question of law, and almost identical evidence. This was granted by the Court in its Resolution[98] dated January 25, 2013.

CTA Case No. 8611 (Fourth Quarter of CY 2010)

On January 25, 2011, petitioner filed its Quarterly VAT Return[99] (BIR Form No. 2550-Q) for the fourth quarter (October to December) of CY 2010 showing an overpayment of Php48,383,225.40[100]. Later, on January 31, 2011, petitioner filed its Amended Quarterly VAT Return[101] (BIR Form No. 2550-Q) for the fourth quarter of CY 2010 showing an overpayment of Php44,298,194.91[102], and reporting zero-rated sales only in the total amount of Php311,871,631.51[103].

On September 17, 2012, RDO No. 38 received petitioner's Application for Refund/Tax Credit of Excess and Unutilized Input VAT[104] dated September 11, 2012 for the refund of excess and unutilized input VAT for the fourth quarter of 2010, amounting to

---

[96] *Records, CTA Case No. 8560,* p. 98.
[97] *Id.* at 99-103.
[98] *Id.* at 106-107.
[99] *Exhibit Folder No. 1, Exhibit "P-21," Quarterly VAT Return for the Fourth Quarter,* pp. 1-2.
[100] *Id., Line 29,* p. 1.
[101] *Id., Exhibit "P-20," Amended Quarterly VAT Return for the Fourth Quarter,* p. 1-2.
[102] *Id., Line 29,* p. 1.
[103] *Id., Line 17,* p. 1.
[104] *Id., Exhibit "P-2," Administrative Claim for Refund for the Fourth Quarter,* p. 1-3.

Php4,737,141.52, together with BIR Form No. 1914[105] asking specifically for a tax refund.

Alleging inaction by respondent on its claim for refund,[106] petitioner filed a Petition for Review[107] on February 12, 2013, docketed as *CTA Case No. 8611*, which was raffled to the CTA Second Division. The corresponding Summons[108] was issued on February 20, 2013.

On March 7, 2013, respondent filed his Motion for Extension of Time to File Answer[109], which was granted in an Order[110] dated March 8, 2013.

On April 5, 2013, respondent filed an Answer[111] raising the following special and affirmative defenses: *(1)* that petitioner's claim for the issuance of a TCC is subject to administrative investigation or examination; *(2)* that taxes paid and collected are presumed to have been paid in accordance with law and regulations, hence, not refundable; *(3)* that the taxpayer must prove compliance with *Sections 112, 113 and 114 of the 1997 NIRC*; and *(4)* that petitioner should prove the legal basis for its claim. Respondent also argues that claims for refund are strictly construed against the taxpayer as the same partakes the nature of tax exemption.

On April 8, 2013, the CTA Second Division issued a Notice of Pre-trial Conference[112], setting the case for pre-trial on May 23, 2013.

On April 23, 2013, petitioner filed a Motion for Consolidation[113], praying that the case be consolidated with *CTA Case No. 8482*, pending before the CTA Third Division, considering that the two (2) cases involve the same parties, a common question of law, and almost identical evidence to be presented.

---

[105] *Exhibit Folder No. 1, Exhibit "P-2," Administrative Claim for Refund for the Fourth Quarter, Annex, BIR Form No. 1914*, p. 1.
[106] *Records, CTA Case No. 8482, Vol. 3, PFR*, p. 2.
[107] *Id., CTA Case No. 8611, PFR*, pp. 8-92, with annexes.
[108] *Id.* at 93.
[109] *Id.* at 94-95.
[110] *Id.* at 97.
[111] *Id., Answer*, pp. 98-100.
[112] *Records, CTA Case No. 8611*, p. 101.
[113] *Id.* at 102-112, with annex.

On May 16, 2013, petitioner filed its Urgent Motion (To Postpone Pre-trial Conference)[114].

On May 17, 2013, the CTA Second Division promulgated a Resolution[115] granting the Motion for Consolidation and cancelling the pre-trial conference set on May 23, 2013.

Consolidated CTA Case Nos. 8482, 8513, 8560 and 8611 (First, Second, Third, and Fourth Quarters of CY 2010)

On April 2, 2013, in view of *Administrative Circular No. 01-2013 dated March 26, 2013*, the Court issued an Order[116] cancelling the pre-trial conference scheduled on April 4, 2013 and resetting the same to May 9, 2013.

On May 4, 2013, petitioner filed its Pre-trial Brief[117]; while Respondent's Pre-trial Brief[118] was filed on May 8, 2013.

During the hearing on May 9, 2013, counsel for petitioner manifested that they filed a Motion to Consolidate *CTA Case No. 8611* pending before the CTA Second Division with *CTA Case Nos. 8482, 8513 and 8560*; there being no objection from counsel for respondent, the Court was constrained to cancel the hearing and reset the pre-trial for *CTA Case No. 8560* to June 27, 2013.[119] The parties were then ordered to submit their respective consolidated pre-trial briefs to include *CTA Case No. 8611*.[120]

On June 5, 2013, the CTA Third Division promulgated a Resolution[121] confirming the consolidation of *CTA Case No. 8611* with *CTA Case No. 8482*. The consolidated cases were set for pre-trial conference on June 27, 2013.[122]

---

[114] *Records, CTA Case No. 8611*, pp. 159-162.
[115] *Id.* at 158.
[116] *Id., CTA Case Nos. 8482, 8513 & 8560, Vol. 1*, p. 270.
[117] *Id.* at 278-292.
[118] *Id.* at 293-294.
[119] *Id., Minutes of Hearing dated May 9, 2013*, p. 295.
[120] *Id.*
[121] *Id., Vol. 1*, p. 339.
[122] *Id.*

On June 21, 2013, petitioner filed an Urgent Motion (To Postpone Pre-trial Conference)[123]; which was granted by the Court in its Order[124] dated June 24, 2013 and pre-trial was reset for the last time on August 8, 2013. The presentation of evidence for petitioner set on July 8, 2013 was cancelled.[125]

On August 6, 2013 respondent filed his Consolidated Respondent's Pre-trial Brief[126]; while petitioner filed its Consolidated Pre-trial Brief[127] on August 7, 2013.

During the hearing held on August 8, 2013, the Court ordered the parties to submit their JSFI, which shall include their respective lists of documentary evidence and witnesses, within a period of twenty (20) days or until August 28, 2013.[128]

On August 27, 2013, petitioner filed a Motion for Extension[129], praying for an additional period of ten (10) days from August 28, 2013 or until September 7, 2013 to submit the Consolidated JSFI. The Court granted the Motion for Extension in its Order[130] dated August 28, 2013.

On September 9, 2013, the parties filed their Consolidated JSFI[131].

On September 10, 2013, petitioner filed an Urgent Motion (To Postpone Presentation of Evidence and to Set Additional Commissioner's Hearing)[132] ("Urgent Motion to Postpone"), and a Motion to Commission an Independent Certified Public Accountant[133] ("ICPA").

---

[123] *Records, CTA Case Nos. 8482, 8513, 8560 & 8611, Vol. 1,* pp. 340-343.
[124] *Id.* at 344.
[125] *Id.* at 347.
[126] *Id.* at 353-355.
[127] *Id.* at 356-381.
[128] *Id., Vol. 2, Minutes of hearing dated August 8, 2013,* p. 1077.
[129] *Records, CTA Case Nos. 8482, 8513, 8560 & 8611, Vol. 3,* pp. 1084-1088.
[130] *Id.* at 1089.
[131] *Id., Consolidated JSFI,* pp. 1095-1101.
[132] *Id., Vol. 3,* pp. 1102-1106.
[133] *Id.* at 1108-1123, with annex.

On September 11, 2013, the Court issued an Order[134] granting the Urgent Motion to Postpone and setting the commissioning of the ICPA on September 16, 2013.

The Court issued a Pre-trial Order[135] on September 13, 2013.

On September 16, 2013, the Court commissioned Ms. Katherine O. Constantino ("Ms. Constantino") as the ICPA, who then took her oath and undertook to submit the ICPA Report within thirty (30) days or until October 16, 2013.[136]

On October 16, 2013, petitioner filed an Urgent Motion (For Extension to File Consolidated Independent Certified Public Accountant's Report)[137], which was granted[138] by the Court. On even date, Ms. Constantino submitted the ICPA Report[139] together with the annexes pertinent to petitioner's claim.

Due to the suspension of work in the Court, the initial presentation of evidence for petitioner scheduled on October 14, 2013 was reset to November 11, 2013.[140]

On October 31, 2013, petitioner filed an Urgent Motion (For Extension to File Consolidated Independent Certified Public Accountant's Report)[141]; and the same was granted by the Court in its Resolution[142] dated November 7, 2013.

On November 11, 2013, Ms. Constantino submitted to the Court the Amended ICPA Report[143]; and petitioner filed another Urgent

---

[134] *Records, CTA Case Nos. 8482, 8513, 8560 & 8611, Vol. 3,* p. 1124.
[135] *Id., PTO,* pp. 1127-1137.
[136] *Id., Vol. 3, Minutes of Hearing dated September 16, 2013,* pp. 1138-1139.
[137] *Id., Vol. 3,* pp. 1154-1158.
[138] *Id.* at 1337.
[139] *Id., ICPA Report on the Results of the Procedures Performed Relative to the Claim for Refund/Tax Credit Representing Excess Input Value Added Tax (VAT) for the Period January 2, 2010 to December 31, 2010 ("ICPA Report"),* pp. 1160-1336.
[140] *Id., Vol. 3,* p. 1339.
[141] *Id.* at 1340-1344.
[142] *Id.* at 1446-1447.
[143] *Id., Exhibit "P-60," Amended ICPA Report on the Results of the Procedures Performed Relative to the Claim for Refund/Tax Credit Representing Excess Input Value Added Tax (VAT) for the Period January 2, 2010 to December 31, 2010,* pp. 1449-1712; *Box of Evidence 1, Exhibit "P-60," Amended ICPA Report on the Results of the Procedures Performed Relative to the Claim for Refund/Tax Credit Representing Excess Input Value Added Tax (VAT) for the Period January 2, 2010 to December 31, 2010,* pp. 1-28, with annexes.

Motion (To Postpone Presentation of Petitioner's Evidence)[144]. The initial presentation of evidence for petitioner was reset to December 2, 2013[145].

During the December 2, 2013 hearing, petitioner presented Ms. Neria and Ms. Constantino.[146]

Ms. Neria testified, *via* her Supplemental Sworn Statement[147], that the case involves petitioner's claim for refund by way of issuance of a TCC for unutilized input VAT for the first to fourth quarters of 2010; and that the claim is based on the excess and unutilized input VAT incurred by petitioner in CY 2010. She also testified that petitioner is an ROHQ and as such, it is only allowed to render qualifying support services to affiliates, subsidiaries or branches; that petitioner's zero-rated sale of services were rendered to its non-registered foreign clients doing business outside the Philippines; and that those services were paid for in US Dollars remitted inwardly to petitioner's US Dollar account. She also stated that petitioner filed an Application for Refund/Tax Credit of Input Vat for the Third and Fourth Quarters of CY 2010 on May 25, 2012 and September 17, 2012, respectively; and that no action was taken by the BIR on their application.

Ms. Constantino testified *via* her Sworn Statement[148] that she was commissioned by the Court as the ICPA for these consolidated cases; that she was tasked to verify and issue a report on the examination, evaluation and substantiation of the amount of input VAT being claimed by petitioner for the first to fourth quarters of CY 2010; and that she submitted to the Court an Amended ICPA Report containing the results of the procedures performed relative to petitioner's claim.

Cross-examination of Misses Neria and Constantino, and the presentation of further evidence for petitioner were set on January 13,

---

[144] *Records, CTA Case Nos. 8482, 8513, 8560 & 8611, Vol. 3,* pp. 1715-1719.
[145] *Id., Minutes of Hearing dated November 11, 2013,* p. 1713.
[146] *Id., Vol. 4, Minutes of Hearing dated December 2, 2013,* p. 2403.
[147] *Records, CTA Case Nos. 8482, 8513, 8560 & 8611, Vols. 1 & 2, Supplemental Sworn Statement of Ms. Agnes N. Neria,* pp. 495-523; *Exhibit Folder No. 2, Exhibit "P-1693,"Supplemental Sworn Statement of Ms. Agnes N. Neria,* pp. 1-26.
[148] *Records, CTA Case Nos. 8482, 8513, 8560 & 8611, Vol. 4, Sworn Statement of Katherine O. Constantino in Lieu of Direct Testimony,* pp. 2378-2402; *Exhibit Folder No. 2, Exhibit "P-1694," Sworn Statement of Katherine O. Constantino in Lieu of Direct Testimony,* pp. 1-24.

2014.[149] However, on January 8, 2014, petitioner filed an Urgent Motion to Reset Hearing (From 13 January 2014 to 27 January 2014)[150]. This was denied by the Court during the hearing on January 13, 2014 and the presentation of further evidence for petitioner was deemed waived.[151] Consequently, petitioner was granted a period of ten (10) days from January 13, 2014 or until January 23, 2014 to file its Formal Offer of Evidence ("FOE"), and five (5) days from January 13, 2014 or until January 18, 2014, to file a Motion for Reconsideration of the Order denying its Motion to Reset Hearing.[152] Meanwhile, the initial presentation of evidence for respondent was set on February 24, 2014.[153]

On January 17, 2014, petitioner filed a Motion for Reconsideration [Re: Order issued on January 13, 2014 denying petitioner's "Urgent Motion to Reset Hearing (From January 23, 2014 to January 27, 2014)" ("Motion for Reconsideration") and deeming petitioner to have waived its presentation of evidence][154]. Due to the pendency of the Motion for Reconsideration, the initial presentation of evidence for respondent set on February 24, 2014 was cancelled.[155] On March 4, 2014, the Court denied the Motion for Reconsideration.[156] Thereafter, on March 26, 2014, the Court promulgated a Resolution[157] granting petitioner ten (10) days from notice to file its FOE.

On April 11, 2014, petitioner filed by registered mail a Motion for Additional Time to File Formal Offer of Exhibits[158]; which was granted through an Order[159] dated April 24, 2014.

On April 24, 2014, petitioner filed its FOE[160], offering *Exhibits* "P-1," "P-1a," "P-2," "P-2a," "P-3" to "P-15," "P-16a" to "P-16t," "P-17a" to "P-17o," "P-18," "P-18a," "P-18b," "P-19," "P-19a," "P-19b," "P-20," "P-20a," "P-20b," "P-21," "P-21a," "P-21b," "P-22," "P-22a," "P-22b," "P-23," "P-23a," "P-23b," "P-24," "P-24a," "P-24b," "P-25,"

[149] *Records, CTA Case Nos. 8482, 8513, 8560 & 8611, Vol. 4, Minutes of Hearing dated December 2, 2013*, p. 2403
[150] *Id., Vol. 5*, pp. 2405-2412, with annexes.
[151] *Id., Minutes of Hearing dated January 13, 2014*, p. 2414.
[152] *Id.*
[153] *Id.*
[154] *Id.* at 2415-2423.
[155] *Records, CTA Case Nos. 8482, 8513, 8560 & 8611, Vol. 5*, p. 2432.
[156] *Id.* at 2434-2437.
[157] *Id.* at 2439.
[158] *Id.* at 2440-2443.
[159] *Id.* at 2444.
[160] *Id., Formal Offer of Exhibits ("FOE")*, pp. 2445-2476.

"P-25a," "P-25b," "P-26," "P-26a," "P-26b," "P-27," "P-27a," "P-27b," "P-28," "P-28a," "P-28b," "P-29," "P-29a," "P-29b," "P-30," "P-30a," "P-30b," "P-31," "P-31a," "P-31b," "P-32," "P-32a," "P-32b," "P-33," "P-33a," "P-33b," "P-34," "P-34a," "P-34b," "P-35," "P-35a," "P-35b," "P-38," "P-38a" to "P-38d," "P-39," "P-39a" to "P-39e," "P-40," "P-40a," "P-41," "P-41a" to "P-41c," "P-42," "P-43," "P-43a" to "P-43g," "P-44," "P-44a" to "P-44e," "P-45," "P-45a" to "P-45c," "P-46," "P-46a" to "P-46e," "P-47," "P-47a," "P-48," "P-48a," "P-49" to "P-52," "P-52a" to "P-52e," "P-53," "P-53a" to "P-53f," "P-55," "P-55a," "P-56," "P-57," "P-57a" to "P-57c," "P-58" "P-59," "P-59a," "P-60," "P-61" to "P-251," "P-61a" to "P-251a," "P-252" to "P-610," "P-252a" to "P-610a," "P-611" to "P-674," "P-611a" to "P-674a," "P-675" to "P-684," "P-675a" to "P-684a," "P-685," "P-686," "P-687" to "P-720," "P-722" to "P-739," "P-722a" to "P-739a," "P-740" to "P-945," "P-761a" to "P-945a," "P-946" to "P-1194," "P-946a" to "P-1194a," "P-1195" to "P-1427," "P-1195a" to "P-1427a," "P-1428" to "P-1688," "P-1428a" to "P-1688a," "P-1680b" to "P-1688b" "P-1689" to "P-1692," "P-1693," "P-1693a," "P-1694," "P-1694a," "P-1700" ("F-1"), "P-1700a" ("F-1-a"), "P-1700b" ("F-1-b"), "P-1701" ("G-1"), "P-1701a" ("G-1-a"), "P-1701b" ("G-1-b"), "P-1702" ("H-1"), "P-1703" ("H-1-c"), "P-1704" ("H-1-d"), "P-1705" ("H-1-e"), "P-1706" ("H-2"), "P-1707" ("H-2-c"), "P-1708" ("H-2-d"), "P-1709" ("H-2-e"), "P-1710" ("I-1-a"), "P-1710a" ("I-1-a-1"), "P-1710b" ("I-1-a-2"), "P-1711" ("I-1-b"), "P-1711a" ("I-1-b-1"), "P-1711b" ("I-1-b-2"), "P-1712" ("I-1-c"), "P-1712a" ("I-1-c-1"), "P-1712b" ("I-1-c-2"), "P-1713" ("I-2-a"), "P-1713" ("I-2-a"), "P-1713a" ("I-2-a-1"), "P-1713b" ("I-2-a-2"), "P-1714" ("I-2-b"), "P-1714a" ("I-2-b-1"), "P-1714b" ("I-2-b-2"), "P-1715b" ("J-1-b"), "P-1715c" ("J-1-c"), "P-1715d" ("J-1-d"), "P-1715e" ("J-1-e"), "P-1715f" ("J-1-f"), "P-1715g" ("J-1-g"), "P-1715h" ("J-1-h"), "P-1715i" ("J-1-I"), "P-1715j" ("J-1-j"), "P-1715k" ("J-1-k"), "P-1715l" ("J-1-l"), "P-1715m" ("J-1-m"), "P-1715n" ("J-1-n"), "P-1715o" ("J-1-o"), "P-1715p" ("J-1-p"), "P-1715q" ("J-1-q"), "P-1715r" ("J-1-r"), "P-1715s" ("J-1-s"), "P-1715t" ("J-1-t"), "P-1715u" ("J-1-u"), "P-1715v" ("J-1-v"), "P-1715w" ("J-1-w"), "P-1715x" ("J-1-x"), "P-1716b" ("J-2-b"), "P-1716c" ("J-2-c"), "P-1716d" ("J-2-d"), "P-1716e" ("J-2-e"), "P-1716f" ("J-2-f"), "P-1716g" ("J-2-g"), "P-1716h" ("J-2-h"), "P-1716i" ("J-2-I"), "P-1716j" ("J-2-j"), "P-1716k" ("J-2-k"), "P-1716l" ("J-2-l"), "P-1716m" ("J-2-m"), "P-1716n" ("J-2-n"), "P-1716o" ("J-2-o"), "P-1716p" ("J-2-p"), "P-1716q" ("J-2-q"), "P-1716r" ("J-2-r"), "P-1716s" ("J-2-s"), "P-1716t" ("J-2-t"), "P-1716u" ("J-2-u"), "P-1716v" ("J-2-v"), "P-1718" ("O-1"), "P-1718a" ("O-1-a"), "P-1719" ("F-2"), "P-1719a" ("F-2-a"), "P-1719b" ("F-2-b"), "P-1720" ("I-2-c"), "P-1720a" ("I-2-c-1"), "P-1720b" ("I-2-c-2"), and "P-1721," as evidence for petitioner, for their respective stated purposes, and as part of the testimonies of the witnesses presented during trial.

On July 4, 2014, the Court resolved[161] to admit all of petitioner's exhibits, save for the following:

1. *Exhibit* "P-23," for failure to correspond to the document marked;

2. *Exhibits* "P-28," "P-28a," "P-28b," "P-29," "P-29a," "P-29b," "P-42," "P-61" to "P-251," "P-61a" to "P-251a," "P-252" to "P-610," "P-252a" to "P-610a," "P-611" to "P-674," "P-611a" to "P-674a," "P-698" to "P-702," "P-715," "P-1700" ("F-1"), "P-1700a" ("F-1-a"), "P-1700b" ("F-1-b"), "P-1719" ("F-2"), "P-1719a" ("F-2-a"), "P-1719b" ("F-2-b"), and "P-1720" ("I-2-c"), for not being identified during trial;

3. *Exhibits* "P-1702" ("H-1") and "P-1706" ("H-2") for failure of petitioner to submit the originals for comparison;

4. *Exhibits* "P-12," "P-32," "P-32a," "P-32b," and "P-59a," for not being found in the records;

5. *Exhibits* "P-722" to "P-739," "P-722a" to "P-739a," "P-740" to "P-757," and "P-1721," for not being identified during trial and for failure of petitioner to submit the originals for comparison; and

6. *Exhibits* "P-1720a" ("I-2-c-1") and "P-1720b" ("I-2-c-2") for not being identified during trial and for not being found in the records.

On July 25, 2014, petitioner filed, by registered mail, a Motion for Partial Reconsideration (Re: Resolution dated July 4, 2014, With Prayer for Reopening of Trial)[162].

On July 31, 2014, petitioner filed an Urgent Motion to Postpone (To Present Respondent's Evidence)[163], which was granted by the Court in Resolution[164] dated August 6, 2014.

---

[161] *Records, CTA Case Nos. 8482, 8513, 8560 & 8611, Vol. 5,* pp. 2479-2481.
[162] *Id.* at 2499-2506.
[163] *Id.* at 2485-2497, with annexes.

On October 1, 2014, the Court resolved to grant petitioner's Motion for Partial Reconsideration, thus allowing it to recall its witnesses, Misses Neria and Constantino.[165]

After petitioner's Urgent Motion to Reset Hearing (From 6 November 2014 to 8 December 2014)[166] was granted[167], petitioner filed a Motion to Recall a Witness[168] on February 27, 2015, praying that it be allowed to recall witness Ms. Lourdes Rosario V. Mantaring ("Ms. Mantaring") and to submit a Supplemental FOE.

On March 4, 2015, petitioner filed its Compliance[169], with attached Supplemental Sworn Statement of Ms. Agnes N. Neria (To Questions Propounded by Atty. Juan Miguel D. Tuason)[170] and Supplemental Sworn Statement of Katherine O. Constantino in Lieu of Direct Testimony[171].

On March 9, 2015, petitioner presented its recalled witnesses, Misses Neria and Constantino.[172] Meanwhile, its Motion to Recall Witness was granted[173], thus, Ms. Mantaring was presented as a witness on May 25, 2015.[174]

In her testimony *via* Sworn Statement of Ms. Lourdes Rosario V. Mantaring[175], Ms. Mantaring stated that she is the Vice President and General Manager of petitioner since July 2011; that petitioner is an ROHQ and it is licensed to engage in the business of providing qualifying services to its affiliates and related parties in the Asia-Pacific and in other markets; and that in 2010, petitioner rendered

---

[164] *Records, CTA Case Nos. 8482, 8513, 8560 & 8611, Vol. 5,* p. 2508.
[165] *Id.* at 2511-2514.
[166] *Id.* at 2515-2519.
[167] *Id.* at 2521.
[168] *Id.* at 2536-2539.
[169] *Id.* at 2542-2544.
[170] *Records, CTA Case Nos. 8482, 8513, 8560 & 8611, Vol. 5, Exhibit "P-1722," Supplemental Sworn Statement of Ms. Agnes N. Neria (To Questions Propounded by Atty. Juan Miguel D. Tuason),* pp. 2545-2551.
[171] *Id., Exhibit "P-1723," Supplemental Sworn Statement of Katherine O. Constantino in Lieu of Direct Testimony,* pp. 2552-2556.
[172] *Id., Minutes of Hearing dated March 9, 2015,* p. 2508.
[173] *Id., Vol. 5,* pp. 2574-2575.
[174] *Id., Minutes of Hearing dated May 25, 2015,* p. 2580.
[175] *Records, CTA Case Nos. 8482, 8513, 8560 & 8611, Vol. 1, Sworn Statement of Ms. Lourdes Rosario V. Mantaring,* pp. 384-402; *Exhibit Folder No. 2, Exhibit "P-1721," Sworn Statement of Ms. Lourdes Rosario V. Mantaring,* pp. 1-18.

services to five (5) non-resident foreign corporations doing business outside the Philippines.

Ms. Mantaring explained that petitioner has a long-standing standard procedure in providing its services to its foreign affiliates; that the foreign client engages petitioner for it to handle the clients' business processes; that petitioner and the foreign client will execute two (2) agreements, the Master Services Agreement ("MSA") and the Service Level Agreement ("SLA"); that there are instances when more than one SLA will be executed depending on the business process transitioned to petitioner; and that there are currently four (4) SAs entered into by petitioner, *i.e.*, with MIL, with JHLIC, with TMLIC and with MIB. She explained further that petitioner bills its clients monthly, based on the number of days that a project team worked on a particular project.

On May 29, 2015, petitioner filed a Supplemental Formal Offer of Evidence[176], offering *Exhibits* "P-1722," "P-1722a," "P-1723," "P-1723a," "P-23," "P-28," "P-29," "P-29a," "P-29b," "P-32," "P-32a," "P-32b," "P-59," "P-59a," "P-61" to "P-251," "P-61a" to "P-251a," "P-252" to "P-610," "P-252a" to "P-610a," "P-611" to "P-674," "P-611a" to "P-674a," "P-698" to "P-720," "P-722" to "P-739," "P-722a" to "P-739a," "P-740" to "P-791," "P-1700" ("F-1"), "P-1719" ("F-2"), "P-1720" ("I-2-c"), "P-1720a" ("I-2-c-1"), "P-1720b" ("I-2-c-2") and "P-1721," as evidence for petitioner, for their respective stated purposes, and as part of the testimonies of the witnesses presented during trial.

On July 6, 2015, the Court resolved[177] to admit all of petitioner's exhibits, save for *Exhibits* "P-32" and "P-32a" for failure to present the originals for comparison; *Exhibit "P-*32b"for failure to present the original and for failure to correspond with the description in the Supplemental FOE; *Exhibit* "P-59a," for failure to submit the duly marked exhibit; and *Exhibits* "P-64a," "P-141a," "P-145a," "P-182a," "P-227a," "P-239a," "P-596a," "P-597a," "P-629a" to "P-631a," "P-670a," "P-673a," "P-724a," "P-727a," "P-737a," and "P-738a," for not being found in the records.

On July 6, 2015, counsel for petitioner manifested that he just received the Resolution dated July 6, 2015, considering that some exhibits were denied, he moved for time to file a motion for

[176] *Records, CTA Case Nos. 8482, 8513, 8560 & 8611, Vol. 5,* p. 2581-2591.
[177] *Id.* at 2643-2644.

reconsideration, thus, the Court gave him five (5) days to file the same.[178] Meanwhile, the initial presentation of evidence for respondent was reset to September 7, 2015.[179]

On July 13, 2015, petitioner filed, by registered mail, its Motion (For Reconsideration and to Reopen Trial for Reception of Additional Evidence)[180]. The Court resolved to grant[181] the Motion for Reception of Additional Evidence on September 2, 2015, and a commissioner's hearing was set on September 22, 2015. Meanwhile, the initial presentation of evidence for respondent set on September 7, 2015 was cancelled and reset.[182]

On September 8, 2015, petitioner filed another Supplemental Formal Offer of Evidence[183] for *Exhibit* "P-32-b;" which was denied[184] by the Court on December 8, 2015. In the same Resolution, petitioner's Motion for Reconsideration was likewise denied.[185]

On December 18, 2015, petitioner filed a Motion (To Admit Marked Exhibits and Supplemental Formal Offer of Exhibits)[186]. This was partially granted by the Court in a Resolution[187] dated February 24, 2016, admitting *Exhibits* "P-32," "P-32a," "P-32b," "P-64a," "P-227," "P-227a," "P-239a," "P-596a," "P-597a," "P-670," "P-670a," "P-727a," and "P-737a," and denying *Exhibit* "P-141a" for not being found in the records.

During the March 7, 2016 hearing, counsel for respondent manifested that there is no report yet from the BIR examiners; hence, the initial presentation of evidence for respondent was reset to May 30, 2016.[188]

On May 30, 2016, counsel for respondent made a manifestation that he has no evidence to present; thus, the parties were granted

---

[178] *Records, CTA Case Nos. 8482, 8513, 8560 & 8611, Vol. 5, Minutes of Hearing dated July 6, 2015,* p. 2645.
[179] *Id.*
[180] *Id.* at 2668-2683, with annexes.
[181] *Id.* at 2887-2889.
[182] *Id.* at 2887-2889.
[183] *Id.* at 2690-2695.
[184] *Records, CTA Case Nos. 8482, 8513, 8560 & 8611, Vol. 5,* pp. 2708-2709.
[185] *Id.*
[186] *Id.* at 2710-2719.
[187] *Id.* at 2748-2750.
[188] *Id., Minutes of Hearing dated March 7, 2016,* p. 2751.

thirty (30) days or until June 29, 2016, to submit their respective memoranda.[189]

With the filing of petitioner's Memorandum[190] on June 28, 2016, and the issuance of two (2) Records Verification Reports[191] stating that respondent failed to file his Memorandum, the Court resolved[192] to submit the instant consolidated cases for decision; hence this Decision.

The Issue[193]

WHETHER PETITIONER IS ENTITLED TO ITS CLAIM FOR A REFUND OR ISSUANCE OF A TCC FOR ITS UNUTILIZED OR EXCESS INPUT VAT PAYMENTS FOR THE FIRST TO FOURTH QUARTERS OF 2010.

Petitioner's Arguments[194]

Petitioner contends that as a duly registered ROHQ, it performs qualifying services to its affiliates, subsidiaries, or branches in the Asia-Pacific Region and in other foreign markets; and that as an ROHQ, it is engaged in transactions subject to VAT zero-rating.

Petitioner asserts that its clients are entities duly organized and registered abroad; that it has submitted evidence to prove that the services it rendered, while performed in the Philippines, were for the exclusive benefit of its clients which are non-resident foreign corporations not doing business in the Philippines; that the services rendered to its non-resident foreign corporations are pursuant to SAs entered into with them on various dates; and that its clients pay in US Dollars that are inwardly remitted to petitioner's account.

Respondent's Counter-Arguments[195]

---

[189] *Records, CTA Case Nos. 8482, 8513, 8560 & 8611, Vol. 5, Minutes of Hearing dated May 30, 2016*, p. 2752.
[190] *Id., Memorandum*, pp. 2758-2777.
[191] *Id., Vol. 5*, pp. 2778-2779.
[192] *Id.* at 2781.
[193] *Id., Vol. 3, PTO*, p. 1130.
[194] *Id., Vol. 5, Memorandum*, pp. 2767-2775.
[195] *Records, CTA Case No. 8482, Answer*, p. 95; *Records, CTA Case No. 8513, Answer*, pp. 102-104; *Records, CTA Case No. 8560, Answer*, pp. 93-96; *Records, CTA Case No. 8611, Answer*, pp. 98-99.

Anent petitioner's claim for refund or TCC for the first quarter of CY 2010, respondent claims that petitioner failed to show that it filed an application therefor with RDO No. 38.

With regard the claim for the second quarter of CY 2010, respondent avers that such has already prescribed; that the judicial claim for refund was filed outside the two (2)-year prescriptive period reckoned from the close of the taxable quarter when the sales were made, pursuant to *Section 112(A) and (C) of the 1997 NIRC*, and the ruling of the Supreme Court in *Commissioner of Internal Revenue v. Aichi Forging Company of Asia, Inc.*

Respondent also avers that petitioner's application for tax refund or TCC is subject to administrative investigation or examination by the BIR; that taxes paid and collected are presumed to have been paid in accordance with law and regulations, hence, not refundable; that it is incumbent upon the taxpayer to prove compliance with the pertinent provisions of the *1997 NIRC*, particularly with *Sections 112, 113 and 114;* and that claims for refund are strictly construed against the taxpayer as it partakes the nature of a tax exemption.

The Ruling of the Court

The Court has jurisdiction over the instant consolidated cases.

The Court must first determine whether it has jurisdiction over the case at bar.

Anent the timeliness of filing the administrative and judicial claims for refund, *Section 112(A) of the 1997 NIRC* provides 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.

xxx xxx xxx

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

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

xxx xxx xxx[196]

Corollary, *Section 4.112-1(d) of RR No. 16-2005*[197] states the following:

Sec. 4.112-1. Claims for Refund/Tax Credit Certificate of Input Tax.

xxx xxx xxx

[196] Underscoring ours.
[197] *Consolidated Value-Added Tax Regulations of 2005,* effective November 1, 2005.

(d) Period within which refund or tax credit certificate/refund of input taxes shall be made

In proper cases, the Commissioner of Internal Revenue shall grant a tax credit certificate/refund for creditable input taxes within one hundred twenty (120) days from the date of submission of complete documents in support of the application filed in accordance with subparagraph (a) above.

In case of full or partial denial of the claim for tax credit certificate/refund as decided by the Commissioner of Internal Revenue, the taxpayer may appeal to the Court of Tax Appeals (CTA) within thirty (30) days from the receipt of said denial, otherwise the decision shall become final. However, if no action on the claim for tax credit certificate/refund has been taken by the Commissioner of Internal Revenue after the one hundred twenty (120) day period from the date of submission of the application with complete documents, the taxpayer may appeal to the CTA within 30 days from the lapse of the 120-day period.[198]

Based on *Section 112(A) of the 1997 NIRC,* petitioner had two (2) years from the close of the taxable quarters when the sales were made to file its administrative claims. Further, *Section 112(C) of the 1997 NIRC,* in relation to *RR No. 16-2005,* grants petitioner one hundred twenty (120) days, from the date of submission of the complete documents in support of the administrative claim for refund, to file its judicial claim with the CTA. Applying the foregoing, the Court arrived at the following table:

QTR.	END OF TAXABLE QTR.	ADMIN CLAIM DUE DATE	ADMIN CLAIM FILED	END OF 120 DAYS	JUDICIAL CLAIM DUE DATE	JUDICIAL CLAIM FILED
First	March 31, 2010	March 31, 2012	December 6, 2011[199]	April 4, 2012	May 4, 2012	April 30, 2012[200]
Second	June 30, 2010	June 30, 2012	February 17, 2012[201]	June 16, 2012	July 16, 2012	July 6, 2012[202]
Third	September 30, 2010	September 30, 2012	May 25, 2012[203]	September 22, 2012	October 22, 2012	October 22, 2012[204]
Fourth	December 31, 2010	December 31, 2012	September 17, 2012[205]	January 15, 2013	February 14, 2013	February 12, 2013[206]

[198] Underscoring ours.

[199] *Exhibit Folder No. 2, Exhibit "P-1700," Administrative Claim for Refund for the First Quarter,* pp. 1-3.

[200] *Records, CTA Case No. 8482, Vol. 1, PFR,* pp. 6-87, with annexes.

[201] *Exhibit Folder No. 2, Exhibit "P-1719," Administrative Claim for Refund for the Second Quarter,* pp. 1-3.

[202] *Records, CTA Case No. 8513, PFR,* pp. 10-100, with annexes.

[203] *Exhibit Folder No. 2, Exhibit "P-1719," Administrative Claim for Refund for the Third Quarter,* pp. 1-3.

[204] *Records, CTA Case No. 8560, PFR,* pp. 7-84, with annexes.

[205] *Exhibit Folder No. 1, Exhibit "P-2," Administrative Claim for Refund for the Fourth Quarter,* p. 1-3.

[206] *Records, CTA Case No. 8611, PFR,* pp. 8-92, with annexes.

There is no merit to respondent's claim that petitioner failed to show that it filed an application for tax refund or TCC with RDO No. 38 for the first quarter of CY 2010. Based on the records, petitioner submitted *Exhibit* "P-1700," which clearly bears the stamp "Received" by BIR RDO No. 38, with the date December 6, 2011 and a counter-signature under the name of a certain "Aileen Alban."

Respondent also posits that the claim for the second quarter of CY 2010 has already prescribed, and that the judicial claim for refund was filed outside the two (2)-year prescriptive period reckoned from the close of the taxable quarter when the sales were made. The Court does not agree.

In the recent case of *Silicon Philippines, Inc. (Formerly Intel Philippines Manufacturing, Inc.) v. Commissioner of Internal Revenue*[207], the Supreme Court ruled that:[208]

> Upon the filing of an administrative claim, respondent is given a period of 120 days within which to (1) grant a refund or issue the tax credit certificate for creditable input taxes, or (2) make a full or partial denial of the claim for a tax refund or tax credit. Failure on the part of respondent to act on the application within the 120-day period shall be deemed a denial.
>
> Note that the 120-day period begins to run from the date of submission of complete documents supporting the administrative claim. <u>If there is no evidence showing that the taxpayer was required to submit - or actually submitted - additional documents after the filing of the administrative claim, it is presumed that the complete documents accompanied the claim when it was filed</u>.[209]

In the instant case, petitioner had until March 31, 2012, June 30, 2012, September 30, 2012 and December 31, 2012, respectively, within which to file its administrative claims for all the quarters of CY 2010. Therefore, its Applications for Tax Credits/Refunds with the BIR were timely filed on December 6, 2011, February 17, 2012, May 25, 2012, and September 17, 2012, respectively.

[207] G.R. No. 182737, March 2, 2016.
[208] Underscoring ours.
[209] Underscoring ours.

Anent the timeliness of the judicial claim for refund, records disclose that the BIR did nothing after petitioner filed its application for tax refund or TCC. This was also attested to by Ms. Neria in her sworn statement.

In *Rohm Apollo Semiconductor Philippines v. Commissioner of Internal Revenue*[210], the Supreme Court reminded taxpayers that when the one hundred twenty (120)-day period lapses and there is inaction on the part of the CIR, they must no longer wait for it to come up with a decision thereafter. The CIR's inaction is the decision itself. It is already a denial of the refund claim. Thus, the taxpayer must file an appeal within thirty (30) days from the lapse of the one hundred twenty (120)-day waiting period, this period is mandatory and jurisdictional.

As enunciated by the Supreme Court in *Commissioner of Internal Revenue v. San Roque Power Corporation, et al.*[211], strict compliance with the mandatory 120+30-day period is necessary for a claim for tax refund or credit.

As can be seen from the table above, petitioner had until May 4, 2012, July 16, 2012, October 22, 2012, and February 14, 2013 within which to file its judicial claims for refund. Records show that the instant Petitions for Review were filed on April 30, 2012, July 6, 2012, October 22, 2012 and February 12, 2013, well within the periods provided by law.

Finding that both the administrative and judicial claims for refund were filed on time, the Court has jurisdiction over the consolidated cases.

Petitioner is entitled to the claim for refund, albeit at a reduced amount.

In the application of the foregoing legal provisions, certain requisites have been jurisprudentially developed which a taxpayer-applicant must comply with to successfully obtain a credit or a refund of excess input VAT. The said requisites are:

[210] G.R. No. 168950, January 14, 2015.
[211] G.R. Nos. 187485, 196113, and 197156, October 8, 2013, 690 SCRA 336.

1. the claim is filed with the CIR within two (2) years after the close of the taxable quarter when the sales were made;[212]

2. in case of full or partial denial of the refund claim, or the failure on the part of the CIR to act on the said claim within a period of 120 days, the judicial claim has been filed with the Court, within thirty (30) days from receipt of the decision or after the expiration of the said one hundred and twenty (120)-day period;[213]

3. the taxpayer is VAT-registered;[214]

4. the taxpayer is engaged in zero-rated or effectively zero-rated sales;[215]

5. for zero-rated sales under *Sections 106(A)(2)(a)(1), (2) and (b), and 108(B)(1) and (2),* the acceptable foreign currency exchange proceeds have been duly accounted for in accordance with BSP rules and regulations;[216]

6. the input taxes are due or paid;[217]

7. the input taxes are not transitional input taxes;[218]

8. the input taxes claimed are attributable to zero-rated or effectively zero-rated sales;[219]

9. where there are both zero-rated or effectively zero-rated sales and taxable or exempt sales, and the input taxes cannot be

---

[212] *Intel Technology Philippines, Inc. v. Commissioner of Internal Revenue,* G.R. No. 166732, April 27, 2007, 522 SCRA 657; *San Roque Power Corporation v. Commissioner of Internal Revenue,* G.R. No. 180345, November 25, 2009, 605 SCRA 536; *AT&T Communications Services Philippines, Inc. v. Commissioner of Internal Revenue,* G.R. No. 182364, August 3, 2010, 626 SCRA 567.
[213] *Rohm Apollo Semiconductor Philippines v. Commissioner of Internal Revenue,* G.R. No. 168950, January 14, 2015.
[214] *Supra* note 212.
[215] *Id.*
[216] *Id.*
[217] *Id.*
[218] *Id.*
[219] *Id.*

directly and entirely attributable to any of these sales, the input taxes shall be proportionately allocated on the basis of sales volume;[220] and

10. the input taxes have not been applied against output taxes during and in the succeeding quarters.[221]

As discussed above, petitioner was able to prove compliance with the first and second requisites.

Petitioner also complied with the third requisite by presenting its Certificate of Registration[222] issued by the B1R with Taxpayer's Identification No. 244-027-271-000, indicating that it is subject to VAT.

The fourth and fifth requisites require that the taxpayer is engaged in zero-rated or effectively zero-rated sales. Under *Sections 106(A)(2)(a)(1) and (2), 106(B)* and *108(B)(1) and (2)* of the *1997 NIRC, as amended by RA No. 9337,* zero-rated sales transactions should be made in acceptable foreign currency exchange and duly accounted for in accordance with BSP rules and regulations.

In its Quarterly VAT Returns for CY 2010, petitioner reflected a total amount of Php1,191,665,714.74 zero-rated sales/receipts, broken down as follows:

EXHIBIT	PERIOD COVERED (2010)	ZERO-RATED SALES/RECEIPTS	
P-1701	First Quarter	Php	276,172,047.36
P-18	Second Quarter		301,265,898,.75
P-19	Third Quarter		302,356,407.12
P-34	Fourth Quarter		311,871,361.51
TOTAL		**PHP**	**1,191,665,714.74**

Petitioner alleges that the above-stated zero-rated sales or receipts pertains to its sales of services to its foreign affiliates who are all engaged in business conducted outside the Philippines, and which services were paid for in US Dollars inwardly remitted to the Philippines and accounted for in accordance with the rules and

[220] *Supra* note 212.
[221] *Id.*
[222] *Exhibit Folder No. 1, Exhibit "P-39,"* p. 1.

regulations of the BSP; hence, qualify for VAT zero-rating under *Section 108(B)(2)*[223] *of the 1997 NIRC.*

The Court refers to the case of *Commissioner of Internal Revenue v. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.*[224], which provides that in order for the supply of services to be VAT zero-rated under *Section 108(B)(2) of the 1997 NIRC, as amended by RA No. 9337,* the following requisites must be met:

1. the services by a VAT-registered person must be other than processing, manufacturing or repacking of goods;

2. the payment for such services must be in acceptable foreign currency accounted for in accordance with the BSP rules and regulations; and

3. the recipient of such services is doing business outside the Philippines.

Based on the records, petitioner is a multinational company organized and existing under the laws of Barbados and had established an ROHQ in the Philippines, as evidenced by SEC Certificate of Registration[225] and License No. FS200603505[226]. Pursuant to the SAs[227] entered into between petitioner and its clients, petitioner provides its clients with administrative and BPO services, information technology, reports and support services and other services including but not limited to, business processing, data processing, data entry, data imaging and call center services. These services clearly fall within the scope of "services other than

---

[223] "SEC. 108. *Value-added Tax on Sale of Services and Use or Lease of Properties.* –

xxx xxx xxx

(B) *Transactions Subject to Zero Percent (0%) Rate.* - The following services performed in the Philippines by VAT-registered persons shall be subject to zero percent (0%) rate:

(1) xxx;

(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)."

[224] G.R. No. 153205, January 22, 2007, 512 SCRA 124.

[225] *Exhibit Folder No. 1, Exhibit "P-38,"* p. 1.

[226] *Id., Exhibit "P-38-a,"* p. 1.

[227] *Id., Exhibits "P-43," "P-44," "P-45," "P-46," & "P-52,"* pp. 1-11, 1-15, 1, 1-14, 1-16.

processing, manufacturing or repacking of goods," thus proving that petitioner complied with the first requisite.

Anent the second requisite, *Sections 113(A)(2), (B)(1), (2)(c) and (3) of the 1997 NIRC*, as implemented by *Sections 4.113-1(A)(2), (B)(1) and (2)(c) of RR No. 16-2005*, provides that a VAT taxpayer shall, for every lease of goods or properties and for every sale, barter or exchange of services, issue a VAT official receipt which must contain the following information:

Sections 113(A)(2), (B)(1), (2)(c) and (3) of the 1997 NIRC

SEC. 113. Invoicing and Accounting Requirements for VAT-Registered Persons. –

(A) *Invoicing Requirements.* - A VAT-registered person shall issue:

xxx xxx xxx

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

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

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

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

xxx xxx xxx

(c) If the sale is subject to zero percent (0%) value-added tax, the term 'zero-rated sale' shall be written

r

or printed prominently on the invoice or receipt;

xxx xxx xxx

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

Sections 4.113-1(A)(2), (B)(1) and (2)(c) of RR No. 16-2005

SECTION 4.113-1. Invoicing Requirements.-

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

xxx xxx xxx

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

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

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

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

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

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

xxx xxx xxx

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

Based on the foregoing provisions, the foreign currency remittances referred to under *Section 108(B)(2) of the 1997 NIRC* must likewise be supported by VAT zero-rated official receipts.

To prove that it rendered services to its foreign affiliates and was paid in US Dollars duly accounted for in accordance with the rules and regulations of the BSP for the four quarters of CY 2010, petitioner presented VAT zero-rated official receipts[228], VAT zero-rated invoices[229], Schedule of Sales[230], Citibank Customer's Advice - Incoming Foreign Payment[231], and Schedule of Sales and Bank Credit Memo[232], which were examined by the Court-commissioned ICPA, Ms. Constantino. In the Amended ICPA Report[233] dated November 8, 2013, Ms. Constantino presented the monthly zero-rated sales, as follows:

MONTH	JHLIC	MIL	MLIC	ELLIOT AND PAGE LTD.	MIB	MANULIFE SG PTE. LTD.	TOTAL
January	Php 24,978,184.21	Php 6,732,553.79	Php 55,508,948.42	Php -	Php 624,174.69	Php -	Php 87,843,861.11
February	25,676,759.59	6,746,528.35	57,654,167.11	-	-	-	90,077,455.05
March	28,616,551.51	6,771,031.24	59,946,814.76	1,209,036.57	-	-	96,543,434.08
April	30,741,712.02	6,950,478.80	59,631,498.48	-	1,220,736.34	-	98,544,425.64
May	29,387,911.01	7,171,597.11	62,704,143.76	-	621,758.22	-	99,885,410.09
June	29,288,711.33	7,255,328.15	63,786,986.47	-	239,961.71	-	100,570,987.65
July	28,984,043.93	7,181,486.58	65,702,863.97	-	569,412.43	-	102,437,806.92
August	38,514,801.65	7,270,174.46	55,497,262.24	-	555,690.66	-	101,837,929.01
September	27,731,821.69	7,233,381.52	62,577,689.36	-	544,323.07	-	98,087,215.64
October	29,063,093.33	7,448,289.70	65,426,221.21	-	533,929.67	-	102,471,533.90
November	29,030,625.80	7,515,236.75	65,912,723.30	-	535,736.11	-	102,994,321.96
December	30,485,628.64	7,714,573.41	68,029,746.28	-	540,523.52	7,827.99	106,778,299.84

---

228 *Boxes of Evidence 1 and 2, Exhibits "P-722," to "P-1688."*
229 *Id., Exhibits "P-722-A," to "P-1688-B."*
230 *Exhibit Folder No. 1, Exhibits "P-10" to "P-15,"* pp. 1-18.
231 *Exhibit Folder No. 1, Exhibits "P16-a" to "P-17-o,"* pp. 1-35; *Exhibit Folder No. 2, Exhibits "P-1715-b" to "P-1716-v,"* pp. 1-44,
232 *Records, CTA Case Nos. 8482, 8513, 8560 & 8611, Vol. 5, "P-1720,"* p. 2637; *Exhibit Folder No. 2, Exhibits "P-1710" to "P-1714," "P-1720"* pp. 1-5, 1.
233 *Box of Evidence 1, Exhibit "P-60," Amended ICPA Report on the Results of the Procedures Performed Relative to the Claim for Refund/Tax Credit Representing Excess Input Value Added Tax (VAT) for the Period January 2, 2010 to December 31, 2010, Annex 3.*

r

TOTAL	PHP 352,499,844.71	PHP 85,990,659.85	PHP 742,379,065.34	PHP 1,209,036.57	PHP 5,986,246.43	PHP 7,827.99	PHP 1,188,072,680.89
Less: Zero-rated Sales per VAT Return							
1st Quarter (Exhibit "P-1701")						Php 276,172,047.36	
2nd Quarter (Exhibit "P-18")						301,265,898.75	
3rd Quarter (Exhibit "P-19")						302,356,407.12	
4th Quarter (Exhibit "P-34")						311,871,361.51	Php 1,191,665,714.74
DIFFERENCE							PHP (3,593,033.85)

Petitioner alleges that the reason for the variance of the amount *per* schedule and *per* VAT returns is the different foreign exchange rates used.[234] In this connection, the Court will use the amount of Php1,188,072,680.89 as the reference for zero-rated sales.

The Court agrees with the findings of the ICPA that zero-rated sales amounting to Php15,028,541.19 (Php5,930,234.31 plus Php9,098,306.88) should be disallowed for not being properly supported with official receipts, broken down as follows:

DETAILS	AMOUNTS	
Zero-rated sales/receipts properly supported ORs		
1st Quarter ("P-60," Annex 135)	Php 272,853,594.85	
2nd Quarter ("P-60," Annex 136)	292,607,070.35	
3rd Quarter ("P-60," Annex 137)	298,324,217.18	
4th Quarter ("P-60," Annex 138)	309,259,257.33	Php 1,173,044,139.71
Zero-rated sales/receipts supported by ORs in the name of the Customer's Department		
1st Quarter ("P-60," Annex 139)	Php 1,209,036.57	
2nd Quarter ("P-60," Annex 140)	1,364,893.94	
3rd Quarter ("P-60," Annex 141)	826,174.66	
4th Quarter ("P-60," Annex 142)	2,530,129.14	Php 5,930,234.31
Zero-rated sales/receipts without supporting documents		
1st Quarter ("P-60," Annex 143)	Php 402,118.82	
2nd Quarter ("P-60," Annex 144)	5,028,859.10	
3rd Quarter ("P-60," Annex 145)	3,212,559.72	
4th Quarter ("P-60," Annex 146)	454,769.24	Php 9,098,306.88
TOTAL		**PHP 1,188,072,680.89**

From the summary of zero-rated sales[235], it can be seen that for the period January to December 2010, petitioner serviced six (6) customers which are allegedly non-resident foreign companies doing business outside the Philippines.

To comply with the third requisite, a "non-resident foreign corporation doing business outside the Philippines" for the purpose of proving zero-rated sales in a claim for refund of input VAT, each entity must be supported, at the very least, by <u>both</u> *(1)* SEC Certificate

[234] *Box of Evidence 1, Exhibit "P-60," Amended ICPA Report on the Results of the Procedures Performed Relative to the Claim for Refund/Tax Credit Representing Excess Input Value Added Tax (VAT) for the Period January 2, 2010 to December 31, 2010, Exhibit "P-60," par. 4., p. 7,*
[235] *Id., Annex 3,* pp. 1-5.

r

of Non-Registration of Corporation/Partnership, <u>and</u> *(2)* Certificate/ Articles of Foreign Incorporation/Association/Registration.

A perusal of the documents presented reveals that petitioner presented both documents for JHLIC and MIL only, *viz.*:

ENTITY	SEC CERTIFICATE OF NON-REGISTRATION	ARTICLES OF INCORPORATION
JHLIC	P-48	P-56
MIL	P-47	P-55
TMLIC	None	None
Elliot and Page Limited	None	None
MIB	P-51	None
Manulife Singapore Pte. Ltd.	P-59	None

From the aforementioned, only sales from JHLIC and MIL are considered zero-rated amounting to Php435,358,091.85 (*See Annex 1 for details*). However, this amount is further reduced to Php397,157,889.80 because there were out-of-period sales amounting to Php38,200,202.05 incurred in the fourth quarter of the claim period, broken down as follows:

EXHIBIT	CUSTOMER	OR NUMBER	OR DATE	AMOUNT	
P-1434	Manulife International Ltd	01988	1/31/11	Php	2,050,711.68
P-1435	Manulife International Ltd	01989	1/31/11		4,090,387.02
P-1436	Manulife International Ltd	01990	1/31/11		1,573,474.70
P-1650	John Hancock Life Insurance Company	02017	1/31/11		222,088.14
P-1651	John Hancock Life Insurance Company	02018	1/31/11		268,373.74
P-1652	John Hancock Life Insurance Company	02024	1/31/11		116,861.90
P-1653	John Hancock Life Insurance Company	02025	1/31/11		642,232.08
P-1654	John Hancock Life Insurance Company	02031	1/31/11		1,657,258.32
P-1655	John Hancock Life Insurance Company	02032	1/31/11		11,131,569.71
P-1656	John Hancock Life Insurance Company	02033	1/31/11		726,070.18
P-1657	John Hancock Life Insurance Company	02034	1/31/11		105,518.86
P-1658	John Hancock Life Insurance Company	02035	1/31/11		1,091,067.10
P-1659	John Hancock Life Insurance Company	02036	1/31/11		537,643.38
P-1660	John Hancock Life Insurance Company	02037	1/31/11		1,362,263.86
P-1661	John Hancock Life Insurance Company	02038	1/31/11		668,050.05
P-1662	John Hancock Life Insurance Company	02039	1/31/11		390,419.89
P-1663	John Hancock Life Insurance Company	02040	1/31/11		795,345.90
P-1664	John Hancock Life Insurance Company	02046	1/31/11		320,043.07
P-1665	John Hancock Life Insurance Company	02047	1/31/11		260,279.92
P-1666	John Hancock Life Insurance Company	02051	1/31/11		818,168.18
P-1667	John Hancock Life Insurance Company	02058	1/31/11		173,996.68
P-1668	John Hancock Life Insurance Company	02059	1/31/11		569,800.29
P-1669	John Hancock Life Insurance Company	02064	1/31/11		766,222.92
P-1670/P-1671	John Hancock Life Insurance Company	02015/02016	1/31/11		1,250,398.59
P-1672 to P-1674	John Hancock Life Insurance Company	02026to 02028	1/31/11		4,996,557.74
P-1675/P-1676	John Hancock Life Insurance Co.	02029/02030	1/31/11		1,615,398.15
TOTAL				PHP	38,200,202.05

Consequently, only the portion of the input VAT claim attributable to the substantiated zero-receipts will be considered for refund using the following rate:

CY 2010	VALID ZERO-RATED SALES (A)		DECLARED ZERO-RATED SALES (B)		RATE (A/BX100)
1st Quarter	Php	99,521,608.69	Php	276,172,047.36	36.04%
2nd Quarter		106,380,886.11		301,265,898.75	35.31%
3rd Quarter		118,456,124.05		302,356,407.12	39.18%
4th Quarter		72,799,270.95		311,871,361.51	23.34%

Having found that petitioner had VAT zero-rated receipts for the subject period of claim, the Court shall proceed to determine whether petitioner complied with the sixth to tenth requisites.

Petitioner claimed a total amount of Php26,044,804.70 unutilized excess input VAT arising from its amortization of input VAT on purchases of capital goods exceeding Php1 Million, domestic purchases of goods not exceeding Php1 Million, domestic purchases of goods other than capital goods, and domestic purchases of services for the said period, computed as follows:

PARTICULARS	1ST QUARTER EXH. "P-1701"		2ND QUARTER EXH. "P-18"		3RD QUARTER EXH. "P-19"		4TH QUARTER EXH. "P-34"	
Input tax deferred on cap. Goods exceeding 1M from Prev. Qtr.	Php	22,991,003.97	Php	22,228,368.51	Php	21,647,325.88	Php	19,641,525.94
Input tax on cap. Goods exceeding 1M deferred to succeeding period		22,228,368.51		21,627,689.75		19,659,881.44		18,266,771.54
Amortization	Php	762,635.46	Php	600,678.76	Php	1,987,444.44	Php	1,374,754.40
Input tax on cap. Goods NOT exceeding 1M		256,679.82		669,390.73		437,696.67		385,766.42
Input tax on cap. Goods exceeding 1M		1,155,080.26		1,396,537.50		-		611,822.47
Input tax on Goods		197,576.84		137,654.20		130,385.80		160,705.35
Input tax on services		9,626,027.13		2,279,741.94		1,699,026.49		2,221,431.08
TOTAL	Php	11,997,999.51	Php	5,084,003.13	Php	4,254,553.40	Php	4,754,479.72
Less: Output Tax		46,231.05		-		-		-
TOTAL	Php	11,951,768.46	Php	5,084,003.13	Php	4,254,553.40	Php	4,754,479.72
GRAND TOTAL							PHP	26,044,804.70

In support of its input VAT claim, petitioner submitted various suppliers' invoices and official receipts[236], which were examined by the ICPA. The below table contains the ICPA's findings, which where then classified by the Court into valid and invalid, *viz.*:

PARTICULARS	VALID		INVALID	REFERENCE EXH. "P-60"
Purchases of goods other than capital goods				
1. Input tax claimed on purchases of goods which are properly substantiated for VAT purposes:				
a. Properly supported by TIN VAT invoice	Php	294,450.38		Annex 4
b. Properly supported by VAT REG TIN invoice		82,121.37		Annex 4
2. Input tax claimed on domestic purchases of goods other than capital goods supported by invoices not dated within the quarter but within the period of claim:				

[236] *Box of Evidence 1, Exhibits "P-61" to "P-684a."*

/

a. VAT REG TIN invoice		26,053.00			Annex 4
b. TIN VAT invoice		25,742.12			Annex 4
3. Input tax claimed on domestic purchases of services erroneously classified as purchase of goods properly supported by VAT REG TIN official receipts.		940.68			Annex 4
4. Input tax claimed on domestic purchases of goods other than capital goods supported by TIN VAT invoice with signature on the altered Petitioner's name.		26,785.71			Annex 4
5. Input tax claimed on domestic purchases of goods other than capital goods supported by VAT REG TIN invoices with signature on the altered input VAT amount.		441.96			Annex 4
6. Input tax claimed on domestic purchases of goods other than capital goods supported by VAT registered invoices dated outside the period of claim.			Php	108,425.53	Annex 4
7. Input tax claimed on domestic purchases of goods other than capital goods supported by TIN VAT invoice with incorrect Petitioner's TIN.				543.86	Annex 4
8. Input tax claimed on domestic purchases of goods other than capital goods supported by VAT registered invoices without Petitioner's TIN indicated therein.				10,367.68	Annex 4
9. Input tax claimed on domestic purchases of goods other than capital goods supported by VAT registered invoices but the amount of VAT is not shown separately in the invoice.				14,078.14	Annex 4
10. Input tax claimed on domestic purchases of goods other than capital goods supported by VAT registered invoices but the TIN is handwritten on a printed invoice.				10,818.57	Annex 4
11. Input tax claimed on domestic purchases of goods other than capital goods supported by Statement of Account.				14,726.30	Annex 4
12. Input tax claimed on domestic purchases of services erroneously classified as purchase of goods supported by collection receipts with comment of "not valid as source of input tax."				7,253.85	Annex 4
13. Input tax claimed on domestic purchases of goods other than capital goods supported by TIN VAT invoices with alteration in the input VAT amount.				1,787.69	Annex 4
14. Input tax claimed on domestic purchases of goods other than capital goods with no supporting documents.				1,785.71	Annex 4
Purchases of Services					
1. Input tax claimed on purchases of services which are properly substantiated for VAT purposes:					
a. Properly supported by VAT REG TIN official receipts	Php	2,186,299.58			Annex 38
b. Properly supported by TIN VAT official receipts		5,310,641.15			Annex 38
2. Input tax claimed on domestic purchases of services supported by official receipts not dated within the quarter but within the period of claim:					
a. VAT REG TIN official receipts		103,975.15			Annex 38
b. TIN VAT official receipts		869,590.36			Annex 38
3. Input tax claimed on domestic purchases of services supported by TIN VAT official receipts with signature on the handwritten Petitioner's TIN.		5,321,146.13			Annex 38
4. Input tax claimed on domestic purchases of services supported by VAT registered official receipts with Petitioner's address shown in the related invoice/SOA.		38,418.07			Annex 38
5. Input tax claimed on domestic purchases of goods erroneously classified as purchase of services properly supported by VAT registered sales invoice.		105,214.29			Annex 38
6. Input tax claimed on domestic purchases of services supported by VAT registered official receipts with signature on the altered input VAT amount.		251,980.38			Annex 38
7. Input tax claimed on domestic purchases of services supported by VAT REG TIN official receipts with signature on the altered Petitioner's address.			Php	37,250.38	Annex 38
8. Input tax claimed on domestic purchases of services supported by official receipts dated outside the period of claim:					
a. VAT REG TIN official receipts				25,673.23	Annex 38
b. TIN VAT official receipts				68,718.42	Annex 38
9. Input tax claimed on domestic purchases of services supported by VAT REG TIN official receipts without date indicated therein.				29,810.40	Annex 38
10. Input tax claimed on domestic purchases of services supported by VAT REG TIN official receipts with altered date.				2,611.97	Annex 38
11. Input tax claimed on domestic purchases of services supported by VAT REG TIN official receipts with altered Petitioner's name.				4,932.00	Annex 38
12. Input tax claimed on domestic purchases of services supported by VAT REG TIN official receipts with incorrect Petitioner's TIN.				19,484.57	Annex 38
13. Input tax claimed on domestic purchases of services supported by VAT registered official receipts with altered Petitioner's TIN.				20,094.51	Annex 38
14. Input tax claimed on domestic purchases of services supported by VAT REG TIN official receipt with TIN of the Petitioner handwritten on a printed official receipt.				2,720.40	Annex 38
15. Input tax claimed on domestic purchases of services supported by VAT REG TIN official receipts with altered Petitioner's address.				8,541.00	Annex 38
16. Input tax claimed on domestic purchases of services supported by official receipts without BIR authority to print.				8,035.71	Annex 38
17. Input tax claimed on domestic purchases of services supported by VAT registered official receipt but the amount of VAT is not shown separately in the receipt.				90,690.58	Annex 38
18. Input tax claimed on domestic purchases of services supported by tape receipts.				9,668.84	Annex 38
19. Input tax claimed on domestic purchases of services supported by VAT registered official receipts but amount of VAT is different from amount per schedule.				14,787.68	Annex 38
20. Input tax claimed on domestic purchases of services supported by VAT registered official receipts with "VAT Exempt Sale" indicated in the official receipt.				1,013,649.59	Annex 38
21. Input tax claimed on domestic purchases of services supported by collection receipts.				205,385.44	Annex 38
22. Input tax claimed on domestic purchases of services supported by VAT registered official receipts with comment of "not valid as source of input tax."				23,582.15	Annex 38
23. Input tax claimed on domestic purchases of services supported by VAT REG TIN official receipt with alteration in the amounts.				45,740.16	Annex 38
24. Input tax claimed on domestic purchases of services with no supporting documents.				8,960.67	Annex 38
Purchases of capital goods not exceeding 1 million					
1. Input tax claimed on purchases of capital goods not exceeding 1 million which are properly substantiated for VAT purposes:					
a. Properly supported by TIN VAT invoices and official receipts	Php	1,175,572.44			Annex 97
b. Properly supported by VAT REG TIN invoices and official receipts		325,721.01			Annex 97
2. Input tax claimed on domestic purchases of capital goods not exceeding 1 million supported by TIN VAT invoices not dated within the quarter but within the period of claim.		127,297.73			Annex 97
3. Input tax claimed on domestic purch. of cap goods not exceeding 1 million supported by VAT REG TIN invoices and ORs with Petitioner's address shown in the related invoice/OR.		92,123.50			Annex 97
4. Input tax claimed on domestic purchases of capital goods not exceeding 1 million supported by VAT REG TIN official receipts with signature on the altered input VAT amount.		18,358.20			Annex 97
5. Input tax claimed on domestic purchases of capital goods not exceeding 1 million supported by TIN VAT invoice but without Petitioner's TIN.			Php	5,629.28	Annex 97
6. Input tax claimed on domestic purchases of capital goods not exceeding 1 million supported by VAT REG TIN invoice with Petitioner's TIN handwritten on a printed invoice.				2,235.95	Annex 97
7. Input tax claimed on domestic purchases of capital goods not exceeding 1 million supported by photocopied TIN VAT invoice.				2,595.54	Annex 97
Purchases of capital goods exceeding 1 million					
1. Input tax claimed on purchase of capital goods exceeding 1 million which are substantiated for VAT purposes:					
a. Properly supported by VAT REG TIN invoices	Php	198,717.29			Annex 114

b. Properly supported by TIN VAT invoices		2,008,362.27			Annex 114
2. Input tax claimed on purchase of capital goods exceeding 1 million supported by VAT registered invoices and official receipts not dated within the quarter but within the period of claim.		454,003.53			Annex 114
3. Input tax claimed on purchase of capital goods exceeding 1 million supported by VAT registered invoices and official receipts dated outside the period of claim.			Php	502,357.14	Annex 114
TOTAL	PHP	19,043,956.30	PHP	2,322,942.94	

With regard to the amortization of input VAT on purchases of capital goods exceeding Php1 million for the prior period, petitioner submitted official receipts and invoices[237] supporting prior period purchases, quarterly schedule of amortization for the CY 2010[238] and the lapsing schedule[239].

Pursuant to *Section 110(A)(2) of the 1997 NIRC,* input VAT claims on capital goods purchases attributable to zero-rated sales may be claimed either in full during the month of acquisition, or spread over a period of time, depending on the aggregate acquisition cost of the capital goods in the calendar month. If the aggregate acquisition cost exceeds Php1 Million, the claim for input tax should be spread over sixty (60) months or the estimated useful life of the capital goods, whichever is shorter. An evaluation and study of the schedules presented show that only the amortizations for the CY 2010 were claimed by petitioner.

Further review of the ICPA Report, together with the documents supporting the said amounts, reveal that input taxes amounting to Php1,700,873.78, in addition to Php2,341,301.14, should be disallowed for not being properly substantiated by VAT invoices or official receipts as prescribed under *Sections 110(A), 113(A), 113(B), 237,* and *238 of the 1997 NIRC,* in relation to *Sections 4.110-1, 4.110-8, and 4.113-1 of RR No. 16-2005, as amended.* Below is the breakdown of the amount of Php1,700,873.78, to wit:

EXHIBIT	REGISTERED NAME OF SUPPLIER	INPUT TAX		REASON FOR EXCEPTION
	1st Quarter			
P-64	FILES ENTERPRISES MFG CORP.	Php	576.64	Handwritten VAT amount in a computerized invoice
P-270	EDUARDO G. TOLOSA		141,891.42	With noted alteration/addition in the supporting OR without countersignature of the authorized representative of the supplier
P-407	PROFILES ASIA PACIFIC INC.		300.00	VAT not separately indicated
P-408	SUPERIOR MAINT. SERVICES INC.		19,026.21	Incorrect VAT amount
P-652 A	Great Year Industries Corporation Manila		41,845.06	Out of period invoice
	Sub-Total 1st Quarter	PHP	203,639.33	
	2nd Quarter			

[237] *Box of Evidence 1, Exhibits "P-722" to "P-739a."*
[238] *Exhibit Folder No. 2, Exhibit "P-1701," Quarterly VAT Return for the First Quarter, Annexes,* pp. 1-4; *Exhibit Folder No. 1, Exhibit "P-18," Quarterly VAT Return for the Second Quarter, Annexes,* pp. 1-4; *Exhibit Folder No. 1, Exhibit "P-19," Quarterly VAT Return for the Third Quarter, Annexes,* pp. 1-3.
[239] *Records, CTA Case Nos. 8482, 8513, 8560 & 8611, Vol. 5, Exhibit "P-702,"* pp. 2601-2615.

P-298	PICC	Php	96,428.57	VAT not separately indicated
P-622	TOTAL VENTURES INC.		2,678.57	Supported by pre-printed TAN VAT invoice then stamped with TIN VAT
P-622	TOTAL VENTURES INC.		78,214.29	Supported by pre-printed TAN VAT invoice then stamped with TIN VAT
P-624	HOFFSMAN SYSTEMATIC DESIGNS, INC.		3,126.72	Out of period invoice
P-625	HOFFSMAN SYSTEMATIC DESIGNS, INC.		18,760.32	Out of period invoice
P-668 A	CWC INDUSTRIES INC.		2,622.60	Out of period invoice
P-668 B	CWC INDUSTRIES INC.		15,735.60	Out of period invoice
	Sub-Total 2nd Quarter	PHP	217,566.67	
	3rd Quarter			
P-314	MAXICARE HEALTHCARE CORP.	Php	948.20	Over claimed input VAT
P-323	FMR CORPORATION		4,607.14	Stamped dated OR while all other details are handwritten.
P-323	FMR CORPORATION		1,071.43	Stamped dated OR while all other details are handwritten.
P-324	FMR CORPORATION		3,996.43	Stamped dated OR while all other details are handwritten.
P-334	STANDARD INSURANCE CO., INC.		15,768.72	Incomplete OR date. (without the "Year")
P-335	STANDARD INSURANCE CO., INC.		18,952.77	Incomplete OR date. (without the "Year")
P-336	UPS DELBROS INT'L EXPRESS LTD. INC		1,402.55	Official receipt not readable
P-395	EDUPRO, INC.		9,750.00	With noted alteration/addition in the supporting OR without countersignature of the authorized representative of the supplier
P-398	EDUPRO, INC.		14,250.00	With noted alteration/addition in the supporting OR without countersignature of the authorized representative of the supplier
P-402	UP NORTH PROPERTY HOLDINGS, INC		70,552.57	Official Receipt not readable
P-403	UP NORTH PROPERTY HOLDINGS, INC		780,451.66	Official Receipt not readable
P-421	AL NAVARRO CASSEROLS FOOD SERVICES		14,625.00	VAT not separately indicated
P-422	PICC		540.38	VAT not separately indicated
	Sub-Total 3rd Quarter	PHP	936,916.85	
	4th Quarter			
P-211	PRO- BAG INDUSTRIES	Php	26,785.71	Invoice without authorized signature
P-212	MFC BISTRO FOODS CORPORATION		441.96	Signature on the alteration in the invoice is not the same with the authorized signature
P-372	UP NORTH PROPERTY HOLDINGS, INC		133,725.83	Official Receipt not readable
P-373	SUPERIOR MAINTENANCE SERVICES INC.		552.33	OR dated outside the period of claim
P-404	BO LE ASSOCIATES PHILIPPINES, INC.		6,741.43	With noted alteration/addition in the supporting OR without countersignature of the authorized representative of the supplier
P-406	UP NORTH PROPERTY HOLDINGS, INC		151,708.17	Official Receipt not readable
P-640	HOFFSMAN SYSTEMATIC DESIGNS, INC.		22,795.50	Out of period invoice
	Sub-Total 4th Quarter	PHP	342,750.93	
GRAND TOTAL		**PHP**	**1,700,873.78**	

Hence, out of the Php26,044,804.70 input VAT claim on purchases of capital goods not exceeding Php1 million, amortizatison of input VAT on purchases of capital goods exceeding Php1 million, domestic purchases of goods other than capital goods and domestic purchases of services, only the amount of Php17,343,082.52 represents petitioner's substantiated input VAT. From this amount, only input VAT amounting to Php6,017,575.05 is attributable to petitioner's zero-rated sales, computed as follows:

REFERENCE	1ST		2ND		3RD		4TH		TOTAL	
Annex 4 - 1.a	Php	66,218.48	Php	103,536.06	Php	78,439.31	Php	46,256.53	Php	294,450.38
Annex 4 - 1.b		22,484.43		20,906.94		15,270.67		23,459.33		82,121.37
Annex 4 - 2.a		-		3,403.41		15,490.96		7,158.63		26,053.00
Annex 4 - 2.b		-		428.57		8,517.02		16,796.53		25,742.12
Annex 4 - 3		-		-		158.40		782.28		940.68
Annex 4 - 4		-		-		-		26,785.71		26,785.71
Annex 4 - 5		-		-		-		441.96		441.96

MANULIFE DATA SERVICES, INC.

Annex 1

ZERO RATED SALES

Exhibit	Customer	OR Number	OR Date	Amount
1st Quarter				
P-761	Manulife (International) Ltd	01134	2/26/10	Php1,753,565.53
P-762	Manulife (International) Ltd	01135	2/26/10	3,861,121.87
P-763	Manulife (International) Ltd	01136	2/26/10	1,117,866.39
P-764	Manulife (International) Ltd	01201	3/30/10	3,669,688.10
P-765	Manulife (International) Ltd	01202	3/30/10	1,208,243.58
P-766	Manulife (International) Ltd	01211	3/30/10	1,868,596.67
P-767	Manulife (International) Ltd	01273	4/30/10	1,957,800.75
P-768	Manulife (International) Ltd	01274	4/30/10	3,655,936.05
P-769	Manulife (International) Ltd	01275	4/30/10	1,157,294.44
P-894	John Hancock Life Insurance Co.	01153	2/26/10	232,185.22
P-895	John Hancock Life Insurance Co.	01163	2/26/10	1,532,866.10
P-896	John Hancock Life Insurance Co.	01164	2/26/10	10,380,146.32
P-897	John Hancock Life Insurance Co.	01165	2/26/10	480,239.13
P-898	John Hancock Life Insurance Co.	01166	2/26/10	949,448.26
P-899	John Hancock Life Insurance Co.	01167	2/26/10	608,103.43
P-900	John Hancock Life Insurance Co.	01168	2/26/10	1,192,518.92
P-901	John Hancock Life Insurance Co.	01169	2/26/10	451,471.27
P-902	John Hancock Life Insurance Co.	01170	2/26/10	813,155.17
P-903	John Hancock Life Insurance Co.	01174	2/26/10	386,974.91
P-904	John Hancock Life Insurance Co.	01175	2/26/10	204,543.93
P-905	John Hancock Life Insurance Co.	01179	2/26/10	654,793.32
P-906	John Hancock Life Insurance Co.	01184	2/26/10	60,810.48
P-907	John Hancock Life Insurance Co.	01189	2/26/10	60,810.48
P-908	John Hancock Life Insurance Co.	01190	2/26/10	150,179.81
P-909/P-910	John Hancock Life Insurance Co.	01151/01152	2/26/10	1,078,002.22
P-911/P-912/P-913	John Hancock Life Insurance Co.	01158-01160	2/26/10	4,607,494.39
P-914/P-915	John Hancock Life Insurance Co.	01161/01162	2/26/10	1,134,440.85
P-916	John Hancock Life Insurance Co.	01222	3/30/10	233,437.46
P-917	John Hancock Life Insurance Co.	01232	3/30/10	1,527,096.19
P-918	John Hancock Life Insurance Co.	01233	3/30/10	10,702,814.29
P-919	John Hancock Life Insurance Co.	01234	3/30/10	551,687.88
P-920	John Hancock Life Insurance Co.	01235	3/30/10	963,363.00
P-921	John Hancock Life Insurance Co.	01236	3/30/10	611,383.09
P-922	John Hancock Life Insurance Co.	01237	3/30/10	1,187,841.57
P-923	John Hancock Life Insurance Co.	01238	3/30/10	400,091.28
P-924	John Hancock Life Insurance Co.	01239	3/30/10	953,472.35
P-925	John Hancock Life Insurance Co.	01243	3/30/10	389,061.97
P-926	John Hancock Life Insurance Co.	01244	3/30/10	205,647.09
P-927	John Hancock Life Insurance Co.	01248	3/30/10	658,021.61
P-928	John Hancock Life Insurance Co.	01255	3/30/10	61,138.45
P-929	John Hancock Life Insurance Co.	01261	3/30/10	61,138.45
P-930	John Hancock Life Insurance Co.	01262	3/30/10	150,989.77
P-931	John Hancock Life Insurance Co.	01268	3/30/10	421,095.49
P-932/P-933	John Hancock Life Insurance Co.	01220/01221	3/30/10	1,059,243.69
P-934/P-935/P-936	John Hancock Life Insurance Co.	01227-01229	3/30/10	4,486,878.89
P-937/P-938	John Hancock Life Insurance Co.	01230/01231	3/30/10	1,052,357.08
P-939	John Hancock Life Insurance Co.	01295	4/30/10	232,332.30
P-940	John Hancock Life Insurance Co.	01305	4/30/10	1,811,220.73
P-941	John Hancock Life Insurance Co.	01306	4/30/10	10,883,711.75
P-942	John Hancock Life Insurance Co.	01307	4/30/10	782,655.94
P-943	John Hancock Life Insurance Co.	01308	4/30/10	978,138.94
P-944	John Hancock Life Insurance Co.	01309	4/30/10	603,687.38
P-945	John Hancock Life Insurance Co.	01310	4/30/10	1,482,802.81
P-946	John Hancock Life Insurance Co.	01311	4/30/10	388,168.87
P-947	John Hancock Life Insurance Co.	01312	4/30/10	521,812.22
P-948	John Hancock Life Insurance Co.	01313	4/30/10	810,963.07

MANULIFE DATA SERVICES, INC. **Annex 1**

ZERO RATED SALES

Exhibit	Customer	OR Number	OR Date	Amount
P-949	John Hancock Life Insurance Co.	01317	4/30/10	384,164.70
P-950	John Hancock Life Insurance Co.	01318	4/30/10	226,601.41
P-951	John Hancock Life Insurance Co.	01322	4/30/10	721,519.23
P-952	John Hancock Life Insurance Co.	01327	4/30/10	41,420.22
P-953	John Hancock Life Insurance Co.	01334	4/30/10	268,157.37
P-954	John Hancock Life Insurance Co.	01337	4/30/10	344,472.11
P-955	John Hancock Life Insurance Co.	01343	4/30/10	530,560.99
P-956/P-957	John Hancock Life Insurance Co.	01293/01294	4/30/10	1,168,958.24
P-958/P-959/P-960	John Hancock Life Insurance Co.	01300-01302	4/30/10	4,578,183.79
P-961/P-962	John Hancock Life Insurance Co.	01303/01304	4/30/10	1,526,823.62
P-963/P-964	John Hancock Life Insurance Co.	01331/01332	4/30/10	330,195.83
	Sub-total 1st Quarter			99,521,608.69
2nd Quarter				
P-965	Manulife International Ltd	01347	5/28/10	1,914,685.24
P-966	Manulife International Ltd	01348	5/28/10	3,805,842.30
P-967	Manulife International Ltd	01349	5/28/10	1,229,951.26
P-968	Manulife (International) Ltd	01421	5/28/10	2,091,825.71
P-969	Manulife (International) Ltd	01422	5/28/10	3,720,218.86
P-970	Manulife (International) Ltd	01423	5/28/10	1,331,821.12
P-971	Manulife (International) Ltd	01448	6/30/10	27,731.42
P-972	Manulife International Ltd	01496	7/30/10	2,003,578.86
P-973	Manulife International Ltd	01497	7/30/10	3,857,661.42
P-974	Manulife International Ltd	01498	7/30/10	1,394,087.88
P-993	John Hancock Life Insurance Co.	01394	5/28/10	132,992.07
P-994	John Hancock Life Insurance Co.	01395	5/28/10	2,429,848.82
P-1111	John Hancock Life Insurance Co.	01369	5/28/10	225,339.62
P-1112	John Hancock Life Insurance Co.	01370	5/28/10	117,781.31
P-1113	John Hancock Life Insurance Co.	01380	5/28/10	1,691,561.07
P-1114	John Hancock Life Insurance Co.	01381	5/28/10	10,562,345.99
P-1115	John Hancock Life Insurance Co.	01382	5/28/10	760,144.87
P-1116	John Hancock Life Insurance Co.	01383	5/28/10	1,160,473.35
P-1117	John Hancock Life Insurance Co.	01384	5/28/10	588,905.20
P-1118	John Hancock Life Insurance Co.	01385	5/28/10	1,571,594.18
P-1119	John Hancock Life Insurance Co.	01386	5/28/10	601,884.46
P-1120	John Hancock Life Insurance Co.	01387	5/28/10	509,034.87
P-1121	John Hancock Life Insurance Co.	01388	5/28/10	807,697.00
P-1122	John Hancock Life Insurance Co.	01392	5/28/10	479,119.39
P-1123	John Hancock Life Insurance Co.	01393	5/28/10	264,115.12
P-1124	John Hancock Life Insurance Co.	01397	5/28/10	632,962.28
P-1125	John Hancock Life Insurance Co.	01402	5/28/10	59,693.19
P-1126	John Hancock Life Insurance Co.	01406	5/28/10	148,153.34
P-1127	John Hancock Life Insurance Co.	01411	5/28/10	642,440.25
P-1128	John Hancock Life Insurance Co.	01417	5/28/10	287,139.92
P-1129/P-1130	John Hancock Life Insurance Co.	01367/01368	5/28/10	1,249,110.95
P-1131/P-1132/P-1133	John Hancock Life Insurance Co.	01375-01377	5/28/10	4,311,610.85
P-1134/P-1135	John Hancock Life Insurance Co.	01378/01379	5/28/10	1,507,763.91
P-1136	John Hancock Life Insurance Co.	01443	6/30/10	230,424.63
P-1137	John Hancock Life Insurance Co.	01444	6/30/10	204,560.54
P-1138	John Hancock Life Insurance Co.	01453	6/30/10	1,637,638.48
P-1139	John Hancock Life Insurance Co.	01454	6/30/10	10,853,355.67
P-1140	John Hancock Life Insurance Co.	01455	6/30/10	915,388.29
P-1141	John Hancock Life Insurance Co.	01456	6/30/10	1,076,119.07
P-1142	John Hancock Life Insurance Co.	01457	6/30/10	603,492.35
P-1143	John Hancock Life Insurance Co.	01458	6/30/10	1,706,535.96
P-1144	John Hancock Life Insurance Co.	01459	6/30/10	640,068.41
P-1145	John Hancock Life Insurance Co.	01460	6/30/10	521,643.64
P-1146	John Hancock Life Insurance Co.	01461	6/30/10	825,171.49

MANULIFE DATA SERVICES, INC. **Annex 1**

ZERO RATED SALES

Exhibit	Customer	OR Number	OR Date	Amount
P-1147	John Hancock Life Insurance Co.	01466	6/30/10	519,139.84
P-1148	John Hancock Life Insurance Co.	01467	6/30/10	270,657.24
P-1149	John Hancock Life Insurance Co.	01471	6/30/10	656,581.62
P-1150	John Hancock Life Insurance Co.	01476	6/30/10	61,171.79
P-1151	John Hancock Life Insurance Co.	01480	6/30/10	149,041.04
P-1152	John Hancock Life Insurance Co.	01481	6/30/10	658,353.47
P-1153	John Hancock Life Insurance Co.	01492	6/30/10	470,556.51
P-1154/P-1155	John Hancock Life Insurance Co.	01441/01442	6/30/10	1,422,809.16
P-1156/P-1157	John Hancock Life Insurance Co.	01451/01452	6/30/10	1,550,349.49
P-1158	John Hancock Life Insurance Co.	01518	7/30/10	234,554.98
P-1159	John Hancock Life Insurance Co.	01519	7/30/10	274,883.42
P-1160	John Hancock Life Insurance Co.	01530	7/30/10	1,614,247.74
P-1161	John Hancock Life Insurance Co.	01531	7/30/10	10,785,885.67
P-1162	John Hancock Life Insurance Co.	01532	7/30/10	905,706.33
P-1163	John Hancock Life Insurance Co.	01533	7/30/10	924,593.08
P-1164	John Hancock Life Insurance Co.	01534	7/30/10	597,163.16
P-1165	John Hancock Life Insurance Co.	01535	7/30/10	1,723,745.79
P-1166	John Hancock Life Insurance Co.	01536	7/30/10	650,790.09
P-1167	John Hancock Life Insurance Co.	01537	7/30/10	528,728.51
P-1168	John Hancock Life Insurance Co.	01538	7/30/10	836,726.14
P-1169	John Hancock Life Insurance Co.	01543	7/30/10	528,779.91
P-1170	John Hancock Life Insurance Co.	01544	7/30/10	274,333.25
P-1171	John Hancock Life Insurance Co.	01548	7/30/10	657,446.27
P-1172	John Hancock Life Insurance Co.	01552	7/30/10	62,002.61
P-1173	John Hancock Life Insurance Co.	01556	7/30/10	273,369.07
P-1174	John Hancock Life Insurance Co.	01557	7/30/10	664,261.77
P-1175	John Hancock Life Insurance Co.	01563	7/30/10	344,467.96
P-1176/P-1177	John Hancock Life Insurance Co.	01516/01517	7/30/10	1,424,071.97
P-1178/P-1179/P-1180	John Hancock Life Insurance Co.	01525-01527	7/30/10	4,409,874.83
P-1181/P-1182	John Hancock Life Insurance Co.	01528/01529	7/30/10	1,573,078.77
	Sub-total 2nd Quarter			106,380,886.11
3rd Quarter				
P-1186	Manulife (International) Ltd	01573	8/31/10	1,985,649.72
P-1187	Manulife (International) Ltd	01574	8/31/10	3,739,910.90
P-1188	Manulife (International) Ltd	01575	8/31/10	1,455,925.96
P-1189	Manulife (International) Ltd	01653	9/30/10	1,955,943.09
P-1190	Manulife (International) Ltd	01654	9/30/10	3,941,224.23
P-1191	Manulife (International) Ltd	01655	9/30/10	1,373,007.14
P-1192	Manulife International Ltd	01732	10/30/10	1,915,525.21
P-1193	Manulife International Ltd	01733	10/30/10	3,996,106.67
P-1194	Manulife International Ltd	01734	10/30/10	1,321,749.64
P-1340	John Hancock Life Insurance Co.	01598	8/31/10	233,941.24
P-1341	John Hancock Life Insurance Co.	01599	8/31/10	122,274.57
P-1342	John Hancock Life Insurance Co.	01605	8/31/10	114,770.63
P-1343	John Hancock Life Insurance Co.	01612	8/31/10	1,662,019.95
P-1344	John Hancock Life Insurance Co.	01613	8/31/10	10,486,464.39
P-1345	John Hancock Life Insurance Co.	01614	8/31/10	790,606.42
P-1346	John Hancock Life Insurance Co.	01615	8/31/10	111,158.44
P-1347	John Hancock Life Insurance Co.	01616	8/31/10	867,001.99
P-1348	John Hancock Life Insurance Co.	01617	8/31/10	611,371.45
P-1349	John Hancock Life Insurance Co.	01618	8/31/10	1,776,794.75
P-1350	John Hancock Life Insurance Co.	01619	8/31/10	732,727.69
P-1351	John Hancock Life Insurance Co.	01620	8/31/10	528,454.13
P-1352	John Hancock Life Insurance Co.	01621	8/31/10	833,688.33
P-1353	John Hancock Life Insurance Co.	01626	8/31/10	623,156.40
P-1354	John Hancock Life Insurance Co.	01627	8/31/10	274,190.89
P-1355	John Hancock Life Insurance Co.	01631	8/31/10	657,115.75

MANULIFE DATA SERVICES, INC. **Annex 1**

ZERO RATED SALES

Exhibit	Customer	OR Number	OR Date	Amount
P-1356	John Hancock Life Insurance Co.	01632	8/31/10	115,715.80
P-1357	John Hancock Life Insurance Co.	01633	8/31/10	1,158,551.64
P-1358	John Hancock Life Insurance Co.	01634	8/31/10	266,146.79
P-1359	John Hancock Life Insurance Co.	01638	8/31/10	166,308.59
P-1360	John Hancock Life Insurance Co.	01639	8/31/10	657,854.02
P-1361	John Hancock Life Insurance Co.	01644	8/31/10	368,820.49
P-1362/P-1363	John Hancock Life Insurance Co.	01596/01597	8/31/10	1,441,774.84
P-1364/P-1365/P-1366	John Hancock Life Insurance Co.	01607-01609	8/31/10	4,365,220.55
P-1367/P-1368	John Hancock Life Insurance Co.	01610/01611	8/31/10	1,558,328.42
P-1369	John Hancock Life Insurance Co.	01681	9/30/10	227,807.71
P-1370	John Hancock Life Insurance Co.	01682	9/30/10	119,327.98
P-1371	John Hancock Life Insurance Co.	01688	9/30/10	120,141.06
P-1372	John Hancock Life Insurance Co.	01695	9/30/10	1,603,400.44
P-1373	John Hancock Life Insurance Co.	01696	9/30/10	10,039,762.08
P-1374	John Hancock Life Insurance Co.	01697	9/30/10	759,358.14
P-1375	John Hancock Life Insurance Co.	01698	9/30/10	108,479.73
P-1376	John Hancock Life Insurance Co.	01699	9/30/10	724,000.62
P-1377	John Hancock Life Insurance Co.	01700	9/30/10	597,064.95
P-1378	John Hancock Life Insurance Co.	01701	9/30/10	1,546,536.59
P-1379	John Hancock Life Insurance Co.	01702	9/30/10	696,421.52
P-1380	John Hancock Life Insurance Co.	01703	9/30/10	463,914.23
P-1381	John Hancock Life Insurance Co.	01704	9/30/10	782,315.80
P-1382	John Hancock Life Insurance Co.	01709	9/30/10	488,381.05
P-1383	John Hancock Life Insurance Co.	01710	9/30/10	252,379.78
P-1384	John Hancock Life Insurance Co.	01714	9/30/10	713,101.33
P-1385	John Hancock Life Insurance Co.	01721	9/30/10	151,709.65
P-1386	John Hancock Life Insurance Co.	01722	9/30/10	650,876.60
P-1387	John Hancock Life Insurance Co.	01727	9/30/10	619,981.96
P-1388/P-1389	John Hancock Life Insurance Co.	01679/01680	9/30/10	1,287,949.88
P-1390/P-1391/P-1392	John Hancock Life Insurance Co.	01690-01692	9/30/10	4,286,037.68
P-1393/P-1394	John Hancock Life Insurance Co.	01693/01694	9/30/10	1,531,092.66
P-1395/P-1396/P-1397/P-	John Hancock Life Insurance Co.	01705-01708	9/30/10	10,744,760.20
P-1399	John Hancock Life Insurance Co.	01762	10/30/10	223,147.52
P-1400	John Hancock Life Insurance Co.	01763	10/30/10	116,886.92
P-1401	John Hancock Life Insurance Co.	01769	10/30/10	117,683.37
P-1402	John Hancock Life Insurance Co.	01776	10/30/10	1,579,968.99
P-1403	John Hancock Life Insurance Co.	01777	10/30/10	9,855,506.47
P-1404	John Hancock Life Insurance Co.	01778	10/30/10	743,824.18
P-1405	John Hancock Life Insurance Co.	01779	10/30/10	106,260.60
P-1406	John Hancock Life Insurance Co.	01780	10/30/10	1,047,723.10
P-1407	John Hancock Life Insurance Co.	01781	10/30/10	549,810.12
P-1408	John Hancock Life Insurance Co.	01782	10/30/10	1,422,449.29
P-1409	John Hancock Life Insurance Co.	01783	10/30/10	638,920.63
P-1410	John Hancock Life Insurance Co.	01784	10/30/10	433,207.26
P-1411	John Hancock Life Insurance Co.	01785	10/30/10	796,954.48
P-1412	John Hancock Life Insurance Co.	01791	10/30/10	498,747.48
P-1413	John Hancock Life Insurance Co.	01984	10/30/10	262,109.53
P-1414	John Hancock Life Insurance Co.	01796	10/30/10	632,504.40
P-1415	John Hancock Life Insurance Co.	01803	10/30/10	146,969.48
P-1416	John Hancock Life Insurance Co.	01804	10/30/10	637,561.81
P-1417	John Hancock Life Insurance Co.	01809	10/30/10	473,181.64
P-1418/P-1419	John Hancock Life Insurance Co.	01760/01761	10/30/10	1,280,439.89
P-1420/P-1421/P-1422	John Hancock Life Insurance Co.	01771-01773	10/30/10	4,613,864.92
P-1423/P-1424	John Hancock Life Insurance Co.	01774/01775	10/30/10	1,554,099.62
	Sub-total 3rd Quarter			118,456,124.05
4th Quarter				
P-1428	Manulife International Ltd	01816	11/30/10	2,061,744.30

MANULIFE DATA SERVICES, INC. **Annex 1**

ZERO RATED SALES

Exhibit	Customer	OR Number	OR Date	Amount
P-1429	Manulife International Ltd	01817	11/30/10	4,012,337.39
P-1430	Manulife International Ltd	01818	11/30/10	1,374,208.01
P-1431	Manulife International Ltd	01900	12/30/10	1,968,463.84
P-1432	Manulife International Ltd	01901	12/30/10	3,986,274.18
P-1433	Manulife International Ltd	01902	12/30/10	1,560,498.72
P-1434	Manulife International Ltd	01988	1/31/11	2,050,711.68
P-1435	Manulife International Ltd	01989	1/31/11	4,090,387.02
P-1436	Manulife International Ltd	01990	1/31/11	1,573,474.70
P-1599	John Hancock Life Insurance Co.	01847	11/30/10	219,363.26
P-1600	John Hancock Life Insurance Co.	01848	11/30/10	114,655.06
P-1601	John Hancock Life Insurance Co.	01854	11/30/10	115,436.30
P-1602	John Hancock Life Insurance Co.	01861	11/30/10	1,701,085.84
P-1603	John Hancock Life Insurance Co.	01862	11/30/10	10,233,168.18
P-1604	John Hancock Life Insurance Co.	01863	11/30/10	730,833.69
P-1605	John Hancock Life Insurance Co.	01864	11/30/10	104,231.64
P-1606	John Hancock Life Insurance Co.	01865	11/30/10	1,186,368.93
P-1607	John Hancock Life Insurance Co.	01866	11/30/10	518,676.47
P-1608	John Hancock Life Insurance Co.	01867	11/30/10	1,398,352.98
P-1609	John Hancock Life Insurance Co.	01868	11/30/10	730,991.24
P-1610	John Hancock Life Insurance Co.	01869	11/30/10	385,657.15
P-1611	John Hancock Life Insurance Co.	01870	11/30/10	781,737.29
P-1612	John Hancock Life Insurance Co.	01876	11/30/10	476,040.95
P-1613	John Hancock Life Insurance Co.	01877	11/30/10	257,104.77
P-1614	John Hancock Life Insurance Co.	01881	11/30/10	720,698.46
P-1615	John Hancock Life Insurance Co.	01888	11/30/10	144,171.03
P-1616	John Hancock Life Insurance Co.	01889	11/30/10	626,501.79
P-1617	John Hancock Life Insurance Co.	01894	11/30/10	579,041.27
P-1618/P-1619	John Hancock Life Insurance Co.	01845/01846	11/30/10	1,332,548.60
P-1620/P-1621/P-1622	John Hancock Life Insurance Co.	01856-01858	11/30/10	5,206,433.61
P-1623/P-1624	John Hancock Life Insurance Co.	01859/01860	11/30/10	1,499,994.82
P-1625	John Hancock Life Insurance Co.	01931	12/30/10	220,642.39
P-1626	John Hancock Life Insurance Co.	01932	12/30/10	186,619.85
P-1627	John Hancock Life Insurance Co.	01938	12/30/10	115,826.86
P-1628	John Hancock Life Insurance Co.	01945	12/30/10	1,653,185.03
P-1629	John Hancock Life Insurance Co.	01946	12/30/10	10,890,341.25
P-1630	John Hancock Life Insurance Co.	01947	12/30/10	709,239.93
P-1631	John Hancock Life Insurance Co.	01948	12/30/10	104,600.40
P-1632	John Hancock Life Insurance Co.	01949	12/30/10	1,108,551.02
P-1633	John Hancock Life Insurance Co.	01950	12/30/10	511,623.99
P-1634	John Hancock Life Insurance Co.	01951	12/30/10	1,371,301.21
P-1635	John Hancock Life Insurance Co.	01952	12/30/10	683,657.16
P-1636	John Hancock Life Insurance Co.	01953	12/30/10	386,961.95
P-1637	John Hancock Life Insurance Co.	01954	12/30/10	743,113.96
P-1638	John Hancock Life Insurance Co.	01960	12/30/10	319,525.26
P-1639	John Hancock Life Insurance Co.	01964	12/30/10	741,679.02
P-1640	John Hancock Life Insurance Co.	01971	12/30/10	143,762.57
P-1641	John Hancock Life Insurance Co.	01972	12/30/10	597,622.50
P-1642	John Hancock Life Insurance Co.	01977	12/30/10	543,385.03
P-1643/P-1644	John Hancock Life Insurance Co.	01929/01930	12/30/10	1,330,959.31
P-1645/P-1646/P-1647	John Hancock Life Insurance Co.	01940-01942	12/30/10	4,860,569.01
P-1648/P-1649	John Hancock Life Insurance Co.	01943/01944	12/30/10	1,549,483.48
P-1650	John Hancock Life Insurance Co.	02017	1/31/11	222,088.14
P-1651	John Hancock Life Insurance Co.	02018	1/31/11	268,373.74
P-1652	John Hancock Life Insurance Co.	02024	1/31/11	116,861.90
P-1653	John Hancock Life Insurance Co.	02025	1/31/11	642,232.08
P-1654	John Hancock Life Insurance Co.	02031	1/31/11	1,657,258.32
P-1655	John Hancock Life Insurance Co.	02032	1/31/11	11,131,569.71

MANULIFE DATA SERVICES, INC. **Annex 1**

ZERO RATED SALES

Exhibit	Customer	OR Number	OR Date	Amount
P-1656	John Hancock Life Insurance Co.	02033	1/31/11	726,070.18
P-1657	John Hancock Life Insurance Co.	02034	1/31/11	105,518.86
P-1658	John Hancock Life Insurance Co.	02035	1/31/11	1,091,067.10
P-1659	John Hancock Life Insurance Co.	02036	1/31/11	537,643.38
P-1660	John Hancock Life Insurance Co.	02037	1/31/11	1,362,263.86
P-1661	John Hancock Life Insurance Co.	02038	1/31/11	668,050.05
P-1662	John Hancock Life Insurance Co.	02039	1/31/11	390,419.89
P-1663	John Hancock Life Insurance Co.	02040	1/31/11	795,345.90
P-1664	John Hancock Life Insurance Co.	02046	1/31/11	320,043.07
P-1665	John Hancock Life Insurance Co.	02047	1/31/11	260,279.92
P-1666	John Hancock Life Insurance Co.	02051	1/31/11	818,168.18
P-1667	John Hancock Life Insurance Co.	02058	1/31/11	173,996.68
P-1668	John Hancock Life Insurance Co.	02059	1/31/11	569,800.29
P-1669	John Hancock Life Insurance Co.	02064	1/31/11	766,222.92
P-1670/P-1671	John Hancock Life Insurance Co.	02015/02016	1/31/11	1,250,398.59
P-1672/P-1673/P-1674	John Hancock Life Insurance Co.	02026-02028	1/31/11	4,996,557.74
P-1675/P-1676	John Hancock Life Insurance Co.	02029/02030	1/31/11	1,615,398.15
	Sub-total 4th Quarter			110,999,473.00
	GRAND TOTAL			**Php435,358,091.85**

Annex 38 - 1a		419,824.24		823,608.15		380,220.16		562,647.03		2,186,299.58
Annex 38 - 1b		3,610,911.02		312,454.18		1,177,941.16		209,334.79		5,310,641.15
Annex 38 - 2a		21,967.13		55,434.06		26,573.96		-		103,975.15
Annex 38 - 2b		-		869,062.36		528.00		-		869,590.36
Annex 38 - 3		5,320,471.99		-		674.14		-		5,321,146.13
Annex 38 - 4		20,406.94		9,804.21		8,206.92		-		38,418.07
Annex 38 - 5		4,500.00		-		-		100,714.29		105,214.29
Annex 38 - 6		-		-		-		251,980.38		251,980.38
Annex 97 - 1a		158,101.24		337,871.49		350,926.67		328,673.03		1,175,572.43
Annex 97 - 1b		83,547.09		182,684.55		4,846.51		54,642.86		325,721.01
Annex 97 - 2		-		124,847.20		-		2,450.53		127,297.73
Annex 97 - 3		10,200.00		-		81,923.50		-		92,123.50
Annex 97 - 4		-		18,358.20		-		-		18,358.20
Annex 114 - 1a		-		-		-		198,717.29		198,717.29
Annex 114 - 1b		652,723.12		942,533.97		-		413,105.19		2,008,362.28
Annex 114 - 2		-		454,003.53		-		-		454,003.53
TOTAL	Php	10,391,355.68	Php	4,258,936.88	Php	2,149,717.38	Php	2,243,946.36	Php	19,043,956.30
Per Court's Exception		203,639.33		217,566.67		936,916.85		342,750.93		1,700,873.78
Substantiated Input VAT	Php	10,187,716.35	Php	4,041,370.21	Php	1,212,800.53	Php	1,901,195.43	Php	17,343,082.52
Percentage		36.04%		35.31%		39.18%		23.34%		
TOTAL	PHP	**3,671,652.97**	PHP	**1,427,007.82**	PHP	**475,175.25**	PHP	**443,739.01**	PHP	**6,017,575.05**

Even though the claimed input VAT was carried over by petitioner in its succeeding VAT Returns/Declaration, the same remained unutilized until it was deducted as "VAT Refund/TCC Claimed" in its Quarterly VAT Returns[240] or Monthly VAT Declaration[241], thus, preventing the carry-over or application of the claimed input VAT in the next taxable periods.

WHEREFORE, premises considered, the consolidated Petitions for Review are hereby **PARTIALLY GRANTED.** Respondent is hereby **ORDERED** to **REFUND** or to **ISSUE A TAX CREDIT CERTIFICATE** in favor of petitioner in the reduced amount of **SIX MILLION SEVENTEEN THOUSAND FIVE HUNDRED SEVENTY FIVE AND 5/100 PESOS (Php6,017,575.05)** representing excess and unutilized input VAT for the four (4) quarters of CY 2010.

SO ORDERED.

LOVELL R. BAUTISTA
Associate Justice

---

240 *Exhibit Folder No. 1, Exhibit "P-26," Line 23D for the First Quarter of 2010,* p. 1; *Exhibit Folder No. 1, Exhibit "P-30," Line 23D for the Third Quarter of 2010,* p. 1.
241 *Exhibit Folder No. 1, Exhibit "P-28," Line 20D for the Second Quarter of 2010,* p. 1; *Exhibit Folder No. 1, Exhibit "P-35," Line 20D for the Fourth Quarter of 2010,* p. 1.

WE CONCUR:

ESPERANZA R. FABON-VICTORINO
Associate Justice

MA. BELEN M. RINGPIS-LIBAN
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.

LOVELL R. BAUTISTA
Associate Justice
Chairperson

CERTIFICATION

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

ROMAN G. DEL ROSARIO
Presiding Justice