REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL THIRD DIVISION

MD NABUNTURAN AGRI-VENTURES, INC., *Petitioner,*	**CTA Case No. 10626**
- versus -	Members: **RINGPIS-LIBAN***, *P.J.*, **REYES-FAJARDO,** and **ANGELES,** *JJ.*
COMMISSIONER OF INTERNAL REVENUE, *Respondent.*	Promulgated: JUL 06 2026 1:00 p.m.

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RESOLUTION

REYES-FAJARDO, *J.*:

For the Court's resolution is petitioner's Motion for Reconsideration (Of the Decision dated 23 January 2026) ("Motion")[1] filed on February 16, 2026, with respondent's Comment/Opposition (Re: Motion for Partial Reconsideration dated 16 February 2026)[2] filed on March 9, 2026.

In the assailed Decision promulgated on January 23, 2026,[3] the Court denied petitioner's claim for refund amounting to ₱3,395,898.97, representing alleged unutilized input value-added tax (VAT) for taxable year (TY) 2019. Citing *Chevron Holdings, Inc. (Formerly Caltex Asia Limited) v. Commissioner of Internal Revenue (Chevron)*,[4] the Court explained that a refund of unused input VAT attributable to zero-rated sales under Section 112 of the 1997 National

*Designated as Special Member.
1 Docket – Vol. IV, pp. 3477 to 3473.
2 *Id.* at pp. 3476 to 3498.
3 *Id.* at pp. 3424 to 3446.
4 G.R. No. 215159, July 05, 2022.

Internal Revenue Code (NIRC), as amended, requires compliance with the following requisites: (1) the claim must be filed within two (2) years after the close of the taxable quarter when such sales were made; (2) the taxpayer must be VAT-registered; (3) the taxpayer must be engaged in zero-rated or effectively zero-rated sales; and (4) the creditable input tax due or paid must be attributable to such sales, except transitional input tax, to the extent not applied against the output tax.

The Court found that petitioner failed to establish engagement in zero-rated or effectively zero-rated sales. Its claim of zero-rated sales for the TY 2019, amounting to ₱236,238,398.39, was supported only by *commercial* invoices generated through its Computerized Accounting System, rather than sales invoices as required under Section 237 of the NIRC, as amended, as implemented by RR No. 18-2012, and jurisprudence. Without proper substantiation, the alleged zero-rated sales could not be recognized. Thus, there were no valid zero-rated sales for the four (4) quarters of TY 2019 against which input VAT could be imputed, warranting the complete denial of petitioner's refund claim.

In its Motion, petitioner reiterates its arguments on compliance with all requisites under Section 112(A) of the NIRC, as amended to support its refund claim. It emphasizes that it engaged in zero-rated sales during TY 2019, substantiated by the issuance of a valid VAT invoice. Petitioner further contends that the nomenclature of the invoice is immaterial in determining compliance with the invoicing requirements.

Through its Opposition, respondent underscores the Court's ruling that strict compliance with VAT invoicing requirements under tax laws and regulations is essential to establish the validity of zero-rated sales. Respondent maintains that petitioner's commercial invoices fail to sufficiently substantiate its claim of zero-rated sales.

The Motion is denied.

In *Commissioner of Internal Revenue v. Filminera Resources Corporation,*[5] the Supreme Court ruled that zero-rated sales must be substantiated by a valid sales invoice. The Supreme Court stressed that the law and regulations explicitly require strict compliance with the invoicing requirements to support a VAT refund claim.[6]

Similarly, in *Atlas Consolidated Mining and Development Corporation, v. Commissioner of Internal Revenue,*[7] the Supreme Court held that Atlas' failure to submit the invoices required under BIR regulations was fatal to its claim for tax credits or refunds. The Supreme Court emphasized that although the Court of Tax Appeals (CTA) is not governed strictly by technical rules of evidence, the presentation of the purchase receipts and/or invoices is not a mere procedural technicality that can be disregarded. Rather, it is the only means by which the CTA may ascertain and verify the truth of a taxpayer's claims.

Section 237[8] of the National Internal Revenue Code of 1997, as amended (NIRC), mandates that all persons engaged in business must issue ***duly registered sales or commercial invoices*** for each sale of goods or services. Complementing this, Section 238[9] of the NIRC requires business to secure ***an authority to print such invoices***. These

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5 G.R. No. 236325, September 16, 2020.

6 See *Miramar Fish Company, Inc. v. Commissioner of Internal Revenue,* G.R. No. 185432, June 4, 2014.

7 G.R. No. 145526, March 16, 2007. Citations omitted.

8 SEC. 237. Issuance of Sales or Commercial Invoices.–
(A) Issuance. - All persons subject to an internal revenue tax shall, at the point[208] of each sale and transfer of merchandise or for services rendered valued at Five hundred pesos (Php500.00) or more, issue **duly registered sale or commercial invoices**, showing the name, Taxpayer Identification Number, date of transaction, quantity, unit cost and description of merchandise or nature of service: ... (Boldfacing supplied).

9 SEC. 238. Printing of Sales or Commercial Invoices.[115] - All persons who are engaged in business shall secure free of charge from the Bureau of Internal Revenue an authority to print sales or commercial invoices before a printer can print the same.
No authority to print sales or commercial invoices shall be granted unless the invoices to be printed are serially numbered and shall show, among other things, the name, Taxpayer Identification Number and business address of the person or entity to use the same, and such other information that may be required by rules and regulations to be promulgated by the Secretary of Finance, upon recommendation of the Commissioner.
All persons who print sales or commercial invoices shall maintain a logbook/register of taxpayers who availed of their printing services. The logbook/register shall contain the following information:
(1) Names, Taxpayer Identification Numbers of the persons or entities for whom the sales or commercial invoices were printed; and
(2) Number of booklets, number of sets per booklet, number of copies per set and the serial numbers of the invoices in each booklet.

provisions make clear that only duly registered invoices are recognized for tax purposes.

In this case, petitioner's Permit to Use Computerized Accounting System (PTUCAS)[10] expressly authorized the issuance of *charge* invoices, *not* commercial invoices. Despite this, petitioner's claim of zero-rated sales for TY 2019 rests solely on commercial invoices. While these documents may evidence genuine transactions, they do not qualify as BIR- authorized VAT sales invoices. Failure to comply with authority to print renders the commercial invoices unauthorized and without legal effect, in violation of Section 238 of the NIRC, as amended. Notably, the *VAT Refund Notice* dated August 4, 2021, issued by the Assistant Commissioner of the Assessment Service, Maria Luisa I. Belen, correctly denied petitioner's claim in its entirety, highlighting that petitioner's PTUCAS authorized only the issuance of charge invoices, not commercial invoices.

The distinction between a duly registered BIR invoice and non-compliant documents is not a mere technicality. A taxpayer cannot unilaterally substitute one type of invoice for another on the ground that they are functionally equivalent. Proper designation of the invoice is a condition precedent to proving entitlement to zero-rating and VAT refunds.

Revenue Regulations (RR) No. 18-2012, [11] reinforces this principle. Item 2.1. thereof defines a VAT sales invoice as a written account evidencing the sale of goods or properties, whether cash or credit, which serves as the basis for the seller's output VAT liability and the buyer's input VAT claim. Cash sales invoices and charge sales invoices fall under this definition. Notably, commercial invoices are excluded and instead classified under Item 3 as supplementary documents.[12] Had the Secretary of Finance intended commercial

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10 Exhibit "P-9." Docket (Vol. VI), pp. 3304-3306.

11 SUBJECT: Regulations in the Processing of Authority to Print (ATP) Official Receipts, Sales Invoices, and Other Commercial Invoices Using the On-line ATP System and Providing for the Additional Requirements in the Printing Thereof.

12 **2. PRINCIPAL RECEIPTS/INVOICES - for purposes of this regulations, it is a written account evidencing the sale of goods** and/or services issued to customers in an ordinary course of business which necessary includes the following:
2.1 <u>VAT SALES INVOICE</u> - for purposes of Value Added Tax (VAT) pursuant to Section 106 of the NIRC, as amended, it is a written account evidencing the sale of goods and/or properties issued to customers in an ordinary course of business, whether cash sales or on account (credit) which shall be the basis of the output tax

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invoices to be equivalent to sales invoices, they would have been included in the definition of principal documents. Their deliberate exclusion demonstrates that commercial invoices are not sales invoices.

Since petitioner presented only supplementary documents, *i.e.*, commercial invoices, rather than principal sale invoices, its alleged sales subject to 0% VAT for TY 2019 cannot be determined with certainty; hence, its input VAT refund claim attributable thereto must be denied in full.

Ultimately, no matter the economic reality of a transaction, a claim that is not properly documented or fails to comply with the prescribed requirements must be rejected. To rule otherwise would allow the taxpayers to circumvent the rule and contravene the established doctrine that "claim for unutilized input value-added tax is in the nature of a tax exemption. Thus, strict adherence to the conditions prescribed by the law is required of the taxpayer."[13]

WHEREFORE, petitioner's Motion for Reconsideration (Of the Decision dated 23 January 2026), filed on February 16, 2026 is **DENIED** for lack of merit.

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liability of the seller and the input tax claim of the buyer. **Cash Sales Invoices and Charge Sales Invoices fall under this definition.**

...

3. **SUPPLEMENTARY RECEIPTS/INVOICES** – for purposes of these Regulations, these are also known as <u>COMMERCIAL INVOICES</u>. It is a written account evidencing that a transaction has been made between the seller and the buyer of goods and/or services, forming part of the books of accounts of a business taxpayer **for recording, monitoring and control purposes.**

It is a document evidencing delivery, agreement to sell or transfer of goods and services which includes but are not limited to delivery receipts, order slips, debit and/or credit memo, purchase order, job order, provisional/temporary receipt, acknowledgement receipt, collection receipt, cash receipt, bill of lading, billing statement, statement of account, and any other documents, by whatever name it is known or called, whether prepared manually (handwritten information) or pre-printed/pre-numbered loose-leaf (information typed using excel program or typewriter) or computerized as long as it is used in the ordinary course of business being issued to customers or otherwise.

Supplementary receipts/invoices, for purposes of Value-Added Tax, are not valid proof to support the claim of Input Taxes by buyers of goods and/or services. (Boldfacing supplied).

13 *Steag State Power, Inc. (Formerly State Power Development Corporation) v. Commissioner of Internal Revenue*, G.R. No. 205282, January 14, 2019.

SO ORDERED.

Marian Ivy F. Reyes-Fajardo
MARIAN IVY F. REYES-FAJARDO
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

I reiterate my Dissenting Opinion on the assailed decision dated 1/23/2026
HENRY S. ANGELES
Associate Justice