REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

EN BANC

FORD GROUP PHILIPPINES,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA EB No. 3026
(CTA Case No. 10507)

Present:

RINGPIS-LIBAN, *P.J.*,
BACORRO-VILLENA,
MODESTO-SAN PEDRO,
REYES-FAJARDO,
CUI-DAVID,
FERRER-FLORES,
ANGELES, and
TESTON, *JJ.*

Promulgated:
JUL 29 2026 10:40am

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RESOLUTION

FERRER-FLORES, J.:

For resolution is petitioner's **Motion for Reconsideration** filed on February 26, 2026,[1] with respondent's **Comment (Re: Petitioner's Motion for Reconsideration dated February 25, 2026)** filed on April 6, 2026.[2]

In the instant *Motion for Reconsideration*, petitioner prays for the Court *En Banc* to reconsider and set aside the Decision dated February 4, 2026 (assailed Decision) and grant its claim for refund/issuance of tax credit certificate for excess and unutilized creditable withholding taxes (CWTs) for calendar year (CY) 2018 in the amount of **₱262,074,181.00.**

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[1] *Rollo*, pp. 95 to 109.
[2] *Rollo*, pp. 113 to 120.

Petitioner contends that the assailed Decision is contrary to the facts and applicable law, rules and regulations as it effectively imposed a non-statutory evidentiary requirement for compliance with the third requisite for a CWT refund claim, namely, proof that the income upon which the taxes were withheld was declared as part of the taxpayer's gross income. According to petitioner, neither the National Internal Revenue Code (NIRC) of 1997, as amended, nor prevailing jurisprudence requires a taxpayer to submit a detailed tracing of income payments in its General Ledger (GL) or a reconciliation between the amounts reflected in its GL and Summary Alphalist of Withholding Taxes (SAWT). Petitioner maintains that the Court erroneously required a particular method of proof not contemplated by law.

Petitioner likewise invokes the Supreme Court's ruling in *Tullett Prebon (Philippines), Inc. vs. Commissioner of Internal Revenue* (Tullett Prebon),[3] claiming that the Court improperly focused on the absence of a detailed tracing instead of considering the totality of the evidence presented. Petitioner posits that the records sufficiently established that the income payments subjected to withholding taxes were reported as part of its gross income.

Petitioner emphasizes that its revenues declared in the Annual Income Tax Return (AITR) for CY 2018 amounted to ₱30,015,143,075.00, while the income payments reflected in the CWT certificates totaled only ₱26,165,557,827.00. Since the latter amount is less than the former, petitioner argues that the income payments subjected to withholding tax must necessarily have been included in the revenues reported in its AITR.

Petitioner further relies on the findings of the Court-commissioned Independent Certified Public Accountant (ICPA), who concluded that the total income payments reflected in the CWT certificates were declared as part of petitioner's revenues in its amended AITR and that petitioner substantiated its refundable excess and unutilized CWTs, subject only to a minimal adjustment of ₱338.00.

Finally, petitioner maintains that decisions rendered by the Court in other cases, including a prior refund case involving petitioner for CY 2017 and another case involving Ayala Corporation, demonstrate that documents such as the SAWT, AITR, Audited Financial Statement (AFS), Certificate of Withholding Tax (CWT) schedules, and GL are sufficient to establish compliance with the third requisite for a CWT refund claim. Accordingly, petitioner insists that it satisfactorily established all requisites for refund and that the assailed Decision should be reconsidered.

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[3] G.R. No. 257219, July 15, 2024.

Respondent, on the other hand, opposes the *Motion for Reconsideration* and argues that the Court *En Banc* did not impose any additional or non-statutory requirement for the refund of excess CWTs. Rather, the Court *En Banc* merely required petitioner to prove compliance with the established third requisite that the income upon which the taxes were withheld was included in the return of the recipient. According to respondent, the Court in Division found a discrepancy amounting to ₱3,849,585,248.00 between the revenues reflected in petitioner's records and the income payments subjected to withholding taxes, thereby making it necessary for petitioner to present a reconciliation or other competent proof showing that the income payments corresponding to the claimed CWTs were actually included in its reported revenues.

Respondent further claims that the Court *En Banc* correctly held that petitioner failed to provide either a reconciliation of the discrepancy or a detailed tracing of the relevant income payments during the proceedings before the Court in Division.

Respondent likewise stresses that petitioner presented its alleged reconciliation for the first time only on appeal before the Court *En Banc*. Such reconciliation was neither presented before the Court in Division nor identified through witness' testimony. Respondent argues that evidence introduced only on appeal cannot be considered and that the Court correctly ruled that the reconciliation and accompanying explanations are not competent evidence upon which petitioner's refund claim may be granted.

Moreover, respondent avers that petitioner cannot rely solely on the findings of the Court-commissioned ICPA, citing Section 3 of Rule 13 of the Revised Rules of the Court of Tax Appeals (RRCTA) and relevant CTA jurisprudence. He emphasizes that an ICPA Report is merely recommendatory and not binding on the Court. The Court remains free to adopt, modify, or reject the ICPA's findings after independently evaluating the evidence presented.

Finally, respondent asserts that the arguments raised in the *Motion for Reconsideration* merely repeat matters already considered and resolved by both the Court in Division and the Court *En Banc*. Since petitioner failed to present competent evidence proving that the income payments corresponding to the claimed CWTs formed part of its declared gross income, respondent maintains that petitioner's claim for refund was correctly denied and that the assailed Decision should be sustained.

The *Motion for Reconsideration* is devoid of merit.

At the outset, the Court *En Banc* notes that the instant *Motion for Reconsideration* merely repeats the very same arguments raised in its *Petition for Review*, which were already discussed and addressed in the assailed Decision.

At the risk of being repetitive, the Court in Division extensively reviewed all the evidence and considered all the arguments of petitioner. In finding that petitioner failed to prove that the income payments from which the substantiated CWTs were withheld were declared as part of petitioner's gross income in its AITR, the Court in Division reviewed the AITR, AFS, and GL for CY 2018 submitted by petitioner and found a discrepancy amounting to ₱3,849,585,248.00 between the revenues reflected in the AITR and the income payments corresponding to the claimed CWTs. The Court in Division ruled that, absent any reconciliation of said discrepancy or any detailed tracing of the income payments in the GL, it could not verify whether the income payments corresponding to the substantiated CWTs were indeed included in the revenues declared in petitioner's AITR.

Likewise, the Court in Division, in the Resolution on the *Motion for Reconsideration* of the Decision, reiterated that petitioner cannot rely solely on the findings and conclusions of the Court-commissioned ICPA, pursuant to Section 3 of Rule 13 of the RRCTA, stating that the ICPA's findings are merely recommendatory and remain subject to verification and evaluation by the Court. The Court, thus, held that it could not simply assume that because the aggregate income payments reflected in the CWT certificates were less than the total revenues declared in the AITR, the former necessarily formed part of the latter.

In the present *Motion for Reconsideration*, petitioner again argues that the amount of income payments reflected in the CWT certificates, or ₱26,165,557,827.00, is lower than the revenues declared in its AITR in the amount of ₱30,015,143,075.00; hence, the income subjected to withholding taxes must necessarily have been included in its declared gross income. In its attempt to explain the discrepancy, petitioner introduced a reconciliation to show that the difference consisted of revenues not subjected to withholding tax, such as sales to customers not required to withhold taxes, export sales, and timing differences between revenue recognition and the claiming of CWT certificates.

The Court *En Banc* still finds these arguments unmeritorious.

As already discussed in the assailed Decision, the Court *En Banc* notes that petitioner presented such reconciliation only on appeal. These tables and explanations were neither presented before the Court in Division nor identified through the testimony of its witnesses. Significantly, when the Court in Division denied petitioner's claim for refund, petitioner did not attempt to explain the discrepancy in its *Motion for Reconsideration* before the Division. Instead, it merely reiterated the same position it advanced that because the income payments reflected in the SAWT and CWT certificates are less than the revenues declared in the AITR, such income payments must necessarily be included therein.

Neither is there merit in petitioner's contention that the Court *En Banc* imposed a non-statutory evidentiary requirement in denying its claim for refund. The Court did not require proof beyond that mandated by law and jurisprudence but merely determined whether petitioner had sufficiently established, through competent evidence, compliance with the third requisite for a refund of creditable withholding taxes, *i.e.*, that the income payments subjected to withholding taxes were reported as part of its gross income declared in its income tax return. The reference of the Court in Division to the absence of a reconciliation of the discrepancy between petitioner's records, or a detailed tracing of the income payments corresponding to the claimed CWTs, served only to highlight the insufficiency of the evidence presented and not to impose an additional requirement.

In *Tullett Prebon*, the Supreme Court held that there exists no hard and fast standards as to the kind of evidence needed to prove the third requisite. In the said case, the Supreme Court ruled that the source documents sifted and and evaluated by the Court-commissioned ICPA warranted a more judicious appreciation from the CTA. Further, the Supreme Court said that, while not absolutely determinative of the third requisite, when the total reported sales/income is greater than the income corresponding to the CWT withheld, this should prompt the CTA to be more circumspect in its evaluation of the evidence of record, especially when there is other evidence that could point to the breakdown of the gross income reported, to wit:

> Still, the standard of proof, even in tax refund claims, is merely preponderance of evidence. To the Court's mind, Tullett Prebon's evidence, particularly **the source documents sifted and evaluated by the ICPA, taken cumulatively, warranted a more judicious appreciation from the CTA**, rather than being disregarded wholesale on the sole ground that the general ledger presented did not itemize the billing invoice numbers. The merits of Tullett Prebon's claim should not rise and fall on the strength of a singular piece of evidence, especially when no specific proof is required by law or by the rules.
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> xxx xxx xxx
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> Similarly, the Court is not inclined to adopt as doctrine that the third requisite may be proved by the mere fact that the income from which CWT is withheld is less than the total income reported by the taxpayer-claimant. This goes against the elementary principle that cases before the CTA are

> litigated de novo and that parties "should prove every minute aspect of their cases." This is particularly true in refund cases as tax refunds are strictly construed against the taxpayer. **Even so, while not absolutely determinative of the third requisite, when the total reported sales/income is greater than the income corresponding to the CWT withheld, this should prompt the CTA to be more circumspect in its evaluation of the evidence on record, especially when there is other evidence that could point to the breakdown of the gross income reported**, as in this case. (*Emphasis added*)

Petitioner's reliance on *Tullett Prebon* is misplaced and the Court *En Banc* is still unpersuaded.

The factual circumstances in *Tullett Prebon* are not on all fours with the present case. In *Tullett Prebon*, the evidence sought to establish compliance with the third requisite had been presented before the Court in Division and formed part of the evidence evaluated by both the Court and the Court-commissioned ICPA. The additional reconciliation was likewise submitted before the Court in Division in support of the taxpayer's Motion for Reconsideration before the Court in Division. Moreover, the source documents supporting the reconciliation had been examined and evaluated by the Court-commissioned ICPA.

In *Tullett Prebon*, the Supreme Court held that "the fact that total reported sales exceed the income corresponding to the CWTs claimed should prompt the Court to be more circumspect in evaluating the evidence on record." The Supreme Court ultimately disagreed with the CTA's conclusion that the income payments corresponding to the claimed CWTs could not be traced based on the evidence presented. The Supreme Court noted that, notwithstanding Court-commissioned ICPA's analysis based on tracing the revenues declared in the GL against Tullett Prebon's schedules, billing invoices, and official receipts, the CTA's finding was based primarily on the absence of billing invoice numbers in the GL of all but one receivable account. In other words, the Supreme Court considered the totality of the evidence presented, which included other competent evidence already presented before the CTA rather than disregarding the source documents that were duly sifted and evaluated by the Court-commissioned ICPA on the ground that the GL presented did not itemize the billing invoice numbers.

In contrast, as already discussed in the assailed Decision, the reconciliation now relied upon by petitioner was presented for the first time on appeal before the Court *En Banc*. It was neither formally offered nor identified through the testimony of any witness before the Court in Division. More importantly, the specific items allegedly comprising the discrepancy, such as revenues from vehicle sales to customers not classified as Top 20,000 Corporations or Large Taxpayers and Export Sales of Parts, were never substantiated by documentary or testimonial evidence and were not among the matters examined and explained by the Court-commissioned ICPA. Likewise, petitioner's allegation that the discrepancy resulted from timing differences in the recognition of revenues and the claiming of CWT certificates remains unsupported by evidence. Apart from the discrepancy between the reported income and the income corresponding to the claimed CWTs, petitioner failed to present other competent evidence that would reconcile or explain the variance. Consequently, the discrepancy amounting to ₱3,849,585,248.00 remains unexplained.

The Court *En Banc* likewise reiterates that the findings of the Court-commissioned ICPA are merely recommendatory and are not binding upon the Court. The ultimate determination of whether petitioner has discharged its burden of proving entitlement to a refund belongs exclusively to the Court based on the evidence on record. Petitioner's reliance on the ICPA *Report* cannot compensate for the absence of competent evidence demonstrating that the income payments corresponding to the claimed CWTs were actually reported as part of its gross income.

In fine, petitioner has failed to demonstrate any reversible error in the assailed Decision. As correctly found by the Court in Division and affirmed by the Court *En Banc*, petitioner failed to sufficiently prove that the income payments corresponding to the substantiated CWTs formed part of its gross income declared in its AITR for CY 2018.

ACCORDINGLY, the **Motion for Reconsideration** is **DENIED** for lack of merit.

SO ORDERED.

CORAZON G. FERRER-FLORES
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

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

LANEE S. CUI-DAVID
Associate Justice

HENRY S. ANGELES
Associate Justice

Took no part
PAOLO S. TESTON
Associate Justice