REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL SECOND DIVISION

PROCESS MACHINERY CO., INC., Petitioner,	**CTA CASE NO. 9217**
	Members:
-versus-	**Castañeda, Jr.,** *Chairperson, and* **Manahan,** *JJ.*
COMMISSIONER OF INTERNAL REVENUE, Respondent.	Promulgated: NOV 28 2018 8:38 Am

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RESOLUTION

CASTAÑEDA, JR., *J.*:

For resolution is respondent's September 4, 2018 Motion for Reconsideration, with petitioner's October 5, 2018 Comment to Motion for Reconsideration, which sought to reconsider and set aside the August 17, 2018 Decision of the Court, the dispositive part of which reads:

> "**WHEREFORE**, premises considered, the Petition for Review is **GRANTED**. The VAT assessment issued by respondent against petitioner PMCI for the taxable period, from January 1, 2013 to June 30, 2013, in the aggregate amount of Twelve Million Nine Hundred Seventeen Thousand Eight Hundred Five and 78/100 Pesos (₱12,917,805.78) is hereby **CANCELLED**.
>
> **SO ORDERED**."

Respondent moves for reconsideration on the sole ground that the exhibits of petitioner should not have been given any probative value for being hearsay evidence under Section 36 Rule 130 of the Rules of Court.

We resolve to deny the motion.

We note that the motion relies mainly on a general and sweeping statement about the nature of petitioner's evidence (Exhibits P-1 to P-30-c-1)[1] but fails to point out and discuss specifically which of those exhibits should be excluded under the hearsay rule. Respondent only generally mentions his objection to the probative value given by the Court to the returns, invoices and official receipts in cancelling the VAT assessment.

First, it should be recalled that in the Comment to Petitioner's Formal Offer of Evidence, respondent manifested quite clearly that he had no objection to the admission of petitioner's exhibits.[2] All objections to petitioner's evidence should have been raised during trial when the opportunity presented itself. This the respondent failed to do until now.

Second, Marito P. Ibasco, petitioner PMCI's accountant who testified about these documents in order to explain their relevance to the case and to corroborate their contents had, without doubt in the Court's mind, *personal knowledge* of the transactions recorded in these documents *given the nature of his duties and responsibilities as such.* Specifically, in his Amended Judicial Affidavit, Mr. Ibasco stated that the scope of his work as accountant includes the proper recording of financial transactions of the company, the filing of tax returns and the payment of corresponding taxes to the Bureau of Internal Revenue.[3] Accordingly, by virtue of the nature and scope of his work, the accountant surely acquired personal knowledge of PMCI's various business transactions as well as the commercial documents generated to record them, in this case, the returns, invoices and official receipts.

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[1] Formal Offer of Documentary Evidence, Docket, Vol. I, pp. 415-422.
[2] Docket, Vol. I, pp. 506-507.
[3] Q3, Amended Judicial Affidavit, Docket, Vol. I, p. 299.

Third, with respect to the probative value of invoices and other commercial documents, the Supreme Court held in the case of *Seaoil Petroleum Corporation v. Autocorp Group and Paul Y. Rodriguez*,[4] that:

> "A sales invoice is a commercial document. Commercial documents or papers are those used by merchants or businessmen to promote or facilitate trade or credit transactions. Business forms, e.g. order slip, delivery charge invoice and the like, are commonly recognized in ordinary commercial transactions as valid between the parties and, at the very least, they serve as an acknowledgment that a business transaction has in fact transpired. <u>These documents are not mere scraps of paper bereft of probative value, but vital pieces of evidence of commercial transactions. They are written memorials of the details of the consummation of contracts</u>." (*underscoring supplied; citations omitted*)

In view of the foregoing, respondent has failed to convince the Court to reconsider its decision cancelling the VAT assessment.

WHEREFORE, premises considered, respondent's Motion for Reconsideration is hereby **DENIED** for lack of merit.

SO ORDERED.

Juanito C. Castañeda, Jr.
JUANITO C. CASTAÑEDA, JR.
Associate Justice

I CONCUR:

Catherine T. Manahan
CATHERINE T. MANAHAN
Associate Justice

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[4] G.R. No. 164326, October 17, 2008.