REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SECOND DIVISION

PETRON CORPORATION,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA CASE NO. 10438

Members:

RINGPIS-LIBAN, *Chairperson,*
MODESTO-SAN PEDRO, *and*
FERRER-FLORES, *JJ.*

Promulgated:

______________ 11:45 AM

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RESOLUTION

RINGPIS-LIBAN, J.:

Before this Court is petitioner's **Motion for Reconsideration (Re: Decision dated June 13, 2025)** filed on July 3, 2025, with respondent's **Opposition (Re: Motion for Reconsideration of the Decision dated 13 June 2025)** filed on August 8, 2025.

On June 13, 2025, the Court promulgated a Decision denying petitioner's claim for refund of excise taxes paid on the imported and locally-produced liquefied petroleum gas (LPG) for calendar year 2019 in the amount of ₱34,397,783.90, for failure to sufficiently identify the subject LPG that were subsequently sold to various tax-exempt entities, the dispositive portion of which reads as follows:

> "**WHEREFORE**, in light of the foregoing considerations, the present *Petition for Review* is **DENIED** for lack of merit.
>
> **SO ORDERED**."

In its Motion, petitioner seeks reconsideration of the conclusions reached in the Court's Decision, raising the following grounds as bases thereof, *viz.*:

A. The Court erred in ruling that petitioner failed to sufficiently prove that the liquefied petroleum gas sold to tax-exempt entities are the same which it paid excise taxes in the year 2019.

B. The Court erred in denying petitioner's exhibits due to the same being only "Reproductions of Photocopies Documents."

C. The Court erred in denying petitioner's exhibits due to the same not being formally offered.

As to the first ground, petitioner argues that the documents needed by the Court to trace the LPG sold to tax-exempt entities are found in the independent certified public accountant (ICPA) Report marked as Exhibit "P-42".[1] Petitioner asserts that the *Schedule of Sales to Various Tax–Exempt Entities,* attached in the ICPA Report as Annex H1, contains the data to breakdown and prove that the LPG on which the claimed excise taxes paid in the year 2019 were indeed sold to tax-exempt entities in the same year. Petitioner claims that the data includes, among others, the Customer Name; the Registration Certificate Number for Philippine Economic Zone Authority (PEZA), Subic Bay Metropolitan Authority (SBMA), Clark Development Corporation (CDC); the Sales Invoice Number, and the Delivery Note Number. Thus, petitioner insists that revisiting the data existing in Annex H1 will assist the Court in tracing the quantity of the LPG sold to tax-exempt entities.

With regard to the second ground, petitioner further assails the Court's disallowance of 2,330,530.82 kg as volume sales, for not having valid Certificates of Registration and Tax Exemption (CRTEs). Petitioner argues that the Court erred in denying the CRTEs for being mere scanned copies and insists that a photocopy, being a duplicate, is admissible to the same extent as the original absent any genuine question as to the authenticity of the original or showing that it is unjust or inequitable to admit the duplicate. As such, petitioner maintains that the CRTEs can be admitted especially since respondent failed to show that they are unjust or inequitable, in spite having the opportunity to do so during trial when the ICPA was presented on October 11, 2022 and May 9, 2023, respectively.

As to the third ground, petitioner likewise argues that the Court erred in denying its Exhibits "P-6268" and "P-6287" for not being formally offered as evidence. Petitioner submits that, as a rule, for evidence to be considered by the Court, the same must be offered during trial. However, petitioner cites the case of *Elvira Mato Vda. De Oñate, et al. v. Court of Appeals, et al.,*[2] wherein the Supreme Court relaxed the said rule and allowed evidence not formally offered to be admitted and considered so long as the evidence have been duly identified by testimony duly recorded and the evidence must have been incorporated in the records of the case. Thus, petitioner seeks the kind indulgence of the Court to

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[1] Docket – Vol. I, pp. 350 to 379.
[2] G.R. No. 116149, November 23, 1995.

admit the denied exhibits considering that the said exhibits have met all the requirements in the aforementioned jurisprudence.

On the other hand, in his Opposition, respondent maintains that the Court correctly found petitioner to have failed in proving its entitlement to the refund sought. Respondent further reiterates the Court's ruling and points out that claims for refund are strictly construed against the claimant and cannot be allowed unless granted in the most explicit and categorical language.

After due consideration, the Court finds petitioner's Motion for Reconsideration bereft of merit.

In the assailed Decision, the Court denied petitioner's claim for refund or issuance of tax credit certificate for failure to comply with the *third* requirement under Sections 204(C) and 229, in relation to Sections 129[3] and 135[4] of the National Internal Revenue Code (NIRC) of 1997, as amended. To recall, the basic requirements for a claim for refund or issuance of tax credit certificate for excise taxes to prosper are the following:

1. That petitioner's claim was filed within the two-year prescriptive period as provided for under Sections 204(C) and 229 of the NIRC of 1997;

2. That the entity to which the petitioner sold the petroleum products is an entity exempt by law from indirect and direct taxes; and

3. That petitioner is the statutory taxpayer and actually paid the claimed excise taxes on the same petroleum products sold to the exempt entity.

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[3] *SEC. 129. Goods Subject to Excise Taxes.* - Excise taxes apply to goods manufactured or produced in the Philippines for domestic sales or consumption or for any other disposition and to things imported. The excise tax imposed herein shall be in addition to the value-added tax imposed under Title IV.

For purposes of this Title, excise taxes herein imposed and based on weight or volume capacity or any other physical unit or measurement shall be referred to as "specific tax" and an excise tax herein imposed and based on selling price or other specified value of the good shall be referred to as "ad valorem tax".

[4] *SEC. 135. Petroleum Products Sold to International Carriers and Exempt Entities or Agencies.* - Petroleum products sold to the following are exempt from excise tax:

(a) International carriers of Philippine or foreign registry on their use or consumption outside the Philippines: Provided, That the petroleum products sold to these international carriers shall be stored in a bonded storage tank and may be disposed of only in accordance with the rules and regulations to be prescribed by the Secretary of Finance, upon recommendation of the Commissioner;

(b) Exempt entities or agencies covered by tax treaties, conventions and other international agreements for their use or consumption: Provided, however, That the country of said foreign international carrier or exempt entities or agencies exempts from similar taxes petroleum products sold to Philippine carriers, entities or agencies; and

(c) Entities which are by law exempt from direct and indirect taxes.

As held in the assailed Decision, petitioner complied with the *first* requirement, partly complied with the *second* requirement, and failed to comply with the *third* requirement.

Now, as to the first ground raised by petitioner in its Motion, petitioner argues that the data in the *Schedule of Sales to Various Tax-Exempt Entities* marked as Annex H1 by ICPA duly proves that the LPG on which the claimed excise taxes paid in the year 2019 were indeed sold to tax-exempt entities in the same year. Petitioner likewise attached in its Motion, an expanded *Schedule of Sales to Various Tax-Exempt Entities* referencing the Exhibit Numbers of the sales invoices and delivery notes in order to assist this Court in efficiently tracing and verifying the quantity of LPG sold to tax-exempt entities.

In the interest of justice, the Court will revisit petitioner's compliance with the *third* requirement, which involves tracing the movement of petitioner's LPG from production and importation until it is delivered to petitioner's customers.

Petitioner claims that it operates the Petron Bataan Refinery (PBR), where crude oil is processed into a full range of petroleum products including LPG. The LPG is then stored and comingled with imported LPG as allowed by Commingling Permit No. ELTRD (P)—028-02-19-26998 dated February 6, 2019 which is valid until December 31, 2019.[5]

Petitioner pays excise taxes on locally produced LPG before their removal from the PBR at the rate of ₱2.00 per kilogram pursuant to Section 148(j) of the NIRC of 1997, as amended. Likewise, petitioner pays excise taxes on imported LPG at the same rate before removal or release from the custody of the Bureau of Customs (BOC) at various ports.[6] The locally-produced and imported LPG are then withdrawn from the PBR and delivered either to petitioner's customers or to petitioner's various depots in the following locations: 1) Mandaue Depot, 2) Ormoc Depot, 3) Pasig Depot, 4) Rosario Depot, 5) San Fernando Depot, and 6) Batangas Depot for eventual sale and delivery to its customers, including tax-exempt entities.[7]

Locally-produced LPG

The court-commissioned ICPA testified that petitioner makes advance excise tax deposits for its locally-produced LPG for taxable year 2019. And on September 2, 2019, petitioner applied its Tax Subsidy Availment Certificates (TSAC) issued by the Bureau of Internal Revenue (BIR) to the Armed Forces of

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[5] Exhibit "P-5", Docket – Vol. I, p. 516.
[6] Paragraphs 12 and 14, *Memorandum* for Petitioner, Docket – Vol. II, pp. 693 to 694.
[7] Paragraphs 13, 15 and 20, *Memorandum* for Petitioner, Docket – Vol. II, pp. 693 to 694, and Paragraph 16, *Petition for Review*, Docket – Vol. I, p. 10.

the Philippines Commissary and Exchange Services in the amount of ₱950,000.00, in the aggregate amount of ₱22,840,201,039.50, as follows:[8]

	Excise Tax Amount
January 2019	₱ 2,545,000,000.00
February 2019	2,370,000,000.00
March 2019	3,235,000,000.00
April 2019	2,295,000,000.00
May 2019	775,000,000.00
August 2019	98,201,039.50
September 2019	2,292,000,000.00
October 2019	3,180,000,000.00
November 2019	3,319,000,000.00
December 2019	2,728,000,000.00
TOTAL	**₱22,840,201,039.50**

However, examination of the payment confirmation details[9] submitted by the ICPA showed that the amount ₱180,000,000.00 should be disallowed for not being properly supported. While the said payment is supported by a BIR eFPS Payment Details for the tax period March 12, 2019, it nonetheless shows an amount of ₱0.00, and an un-validated bank BIR Payment Slip for the tax period March 13, 2019 in the amount of ₱120,000,000.00.[10] Accordingly, the total excise tax payments for the taxable year 2019 should be adjusted to ₱22,660,201,039.50 (₱22,840,201,039.50 less ₱180,000,000.00).

Moreover, as of December 31, 2018 (the end of the previous taxable period), petitioner had a balance of advance excise tax deposits of ₱732,366,747.19, as evidenced by BIR Form No. 2200-P Excise Tax Return for the month of December 2018.[11] Thus, the total advance excise tax deposits available for taxable year 2019 amount to ₱23,392,567,786.69 (₱732,366,747.19 plus ₱22,660,201,039.50). Also, as per the ICPA report, petitioner' excise taxes due and paid on all locally-manufactured petroleum products for taxable year 2019 amount to ₱22,931,747,768.65, to wit:[12]

	Excise Tax Amount
LPG	₱ 393,527,018.86
All other petroleum products	22,538,220,749.79
TOTAL	**₱22,931,747,768.65**

8 *Annex B* of ICPA Report, Exhibit "P-42", Docket – Vol. I, p. 374. See also Part II(A)(1) of Exhibit "P-42", Docket – Vol. I, pp. 357 to 358.
9 Exhibits "P-6056" to "P-6135", USB submitted on June 8, 2022.
10 Exhibit "P-6079", USB submitted on June 8, 2022.
11 Exhibit "P-101", USB submitted on June 8, 2022.
12 Part II(A)(4) and (5) of Exhibit "P-42", Docket – Vol. I, pp. 360 to 361.

Based on the foregoing, petitioner's total advance excise tax deposits for the year 2019 of ₱23,392,567,786.69, including the balance of advance excise tax deposits from the previous taxable period of ₱732,366,747.19, is utilized as follows:

Total advance excise tax deposits available		₱23,392,567,786.69
Less: Balance as of December 31, 2018	₱ 732,366,747.19	
Advance payments made in 2019	22,199,381,021.46	
Total excise taxes due on all petroleum products for 2019		₱22,931,747,768.65
Balance as of December 31, 2019		**₱ 460,820,018.04**

Subsequently, the ICPA found that there is an overstatement in petitioner's balance of excess advance excise tax deposits as of December 31, 2019, which *"does not have any impact on the claim for refund"* of petitioner.[13]

Even so, the *third* requirement still needs petitioner to prove that the claimed excise taxes on the same petroleum products paid in the year 2019 were sold to the customers that are tax-exempt entities. The movement of petitioner's LPG from local production or importation including the payment of excise taxes due and withdrawal should be traced all the way to the delivery of the same to the tax-exempt entities.

In doing so, petitioner offered the following documents, among others, to prove that excise taxes on the locally-produced and imported LPG are paid and later were withdrawn from the PBR and subsequently sold and delivered to petitioner's tax-exempt clients, to wit:

1. **SAP-generated Official Registry Books (ORBs)**[14] and **Manual ORBs filed with the BIR** for the year 2019[15] - monthly record wherein transactions in quantity or volume of receipts and removals of petroleum and other petroleum products, including imported and locally-manufactured LPG is entered;[16]

2. **Excise Tax Returns (ETRs) with Schedule 1 Summary of Removals and Excise Tax Due on Petroleum Products Chargeable against Payments;**[17]

3. **Cargo Outturn Certificates (COCs)**[18] – are SAP-generated internal documents prepared at the PBR which support the recording of the removals of petroleum and other petroleum products from the Refinery in the ORB and in the General Ledger;[19] **Cargo Intake Certificates (CICs)**[20] – SAP-generated internal documents prepared at the PBR which support the receipt of imported

[13] Part II(A)(5) and (6) of Exhibit "P-42", Docket – Vol. I, pp. 361 to 363.
[14] Exhibits "P-13486" to "P-13497", USB filed on October 6, 2023.
[15] Exhibits "P-15962-1" to "P-15962-12", USB submitted on May 4, 2023.
[16] Question & Answer No. 13, Exhibit "P-37", Docket – Vol. I, p. 202.
[17] Exhibits "P-101" to "P-6055", USB submitted on June 8, 2022.
[18] Exhibits "P-13681" to "P-13802", and "P-14108" to "P-15279", USB submitted on June 9, 2022.
[19] Question & Answer No. 20, Exhibit "P-37", Docket – Vol. I, p. 205.
[20] Exhibits "P-13803" to "P-13942", and "P-14547" to "P-15469", USB submitted on June 9, 2022.

LPG by the Refinery in the Manual ORB and in the General Ledger;[21] and **Liquidation Statements (LSs)**[22] – prepared at the terminal/depot which show the movement of receipts and issuances of LPG including those that are sold to various tax-exempt entity;[23]

4. **Withdrawal Certificates (WCs)**[24]

5. **Sales Invoices (SIs)**;[25]

6. **Delivery Notes (DNs)**;[26]

7. **Cash Receipts**.[27]

Thereafter, petitioner submitted on May 4, 2023, a USB containing a folder named *Monthly Manual ORB filed with BIR*, which contains SAP-generated ORBs attached to BIR Form No. 261 Official Register Book of petitioner's Oil Manufacturing Operations in the PBR for each month of the year 2019. An examination of the subject manual ORB for petitioner's LPG shows the following:[28]

EXHIBIT NO.	2019	Opening Balance (in kg)	Production (in kg)	Receipts-Imp/Local (in kg)	Removals from Local Production (in kg)	Removals from Importation (in kg)
P-15962-1	January					
P-15962-2	February	5,108,747.00	48,150,781.00	12,469,419.00	45,554,917.00	8,017,593.00
P-15962-3	March	12,156,437.00	43,403,903.00	-	39,334,166.00	5,031,537.00
P-15962-4	April	11,194,637.00	25,541,538.00	-	33,246,200.00	-
P-15962-5	May	3,489,975.00	-1,662,153.00	30,635,241.00	2,958,787.00	21,824,197.00
P-15962-6	June	7,680,079.00	-971,831.00	25,456,030.00	-	27,371,110.00
P-15962-7	July	4,793,168.00	-3,969,892.00	47,536,734.00	-	32,699,226.00
P-15962-8	August	15,660,784.00	1,435,355.00	27,383,571.00	-	28,178,077.00
P-15962-9	September	16,301,633.00	44,816,583.00	-	25,896,001.00	14,563,646.00
P-15962-10	October	11,700,658.00	47,070,156.00	4,834,027.00	47,446,659.00	3,481,156.00
P-15962-11	November	12,677,026.00	45,064,121.00	-	42,782,842.00	1,290,053.00
P-15962-12	December	13,668,252.00	19,610,224.00	16,104,390.00	31,761,157.00	911,294.00
Total			**268,488,785.00**	**164,419,412.00**	**268,980,729.00**	**143,367,889.00**

Notably, the necessary information for the month of January 2019 was left blank since it cannot be ascertained by the Court as Exhibit "P-15962-1" page 3 of 3 is unreadable.

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21 Question & Answer No. 13, Exhibit "P-37", Docket – Vol. I, p. 203.
22 Exhibits "P-15643" to "P-15961", USB submitted on June 9, 2022.
23 Part II(D)(1), Exhibit "P-42", Docket – Vol. I, p. 369.
24 Exhibits "P-13560" to "P-13680", and "P-13943" to "P-15089", USB submitted on June 9, 2022.
25 Exhibits "P-6288" to "P-9876", USB submitted on June 8, 2022.
26 Exhibits "P-9877" to "P-13485", USB submitted on June 8, 2022.
27 Exhibits "P-15470" to "P-15642", USB submitted on June 8, 2022.
28 USB filed on May 4, 2023.

Meanwhile, petitioner's Summary of Monthly SAP Generated ORB shows the following:[29]

EXHIBIT NO.	CY 2019	Total Amount of Excise Taxes for all Petroleum Products
P-13486	January	₱ 3,558,138,629.39
P-13487	February	2,686,961,427.62
P-13488	March	3,355,611,299.00
P-13489	April	2,775,961,230.00
P-13490	May	801,500,275.86
P-13491	June	106,566,303.50
P-13492	July	34,040,538.00
P-13493	August	555,248,115.50
P-13494	September	2,416,948,753.50
P-13495	October	3,520,247,158.00
P-13496	November	3,750,757,730.50
P-13497	December	3,512,292,691.12
	Total	**₱27,074,274,151.99**

From the foregoing, the Court endeavoured to determine the volume of locally-produced LPG and the total excise taxes paid thereon, as follows:[30]

EXHIBIT NO.	CY 2019	Imported LPG (in kg)	Locally-produced LPG (in kg)	Excise Tax Paid
P-13486	January	959,750.00	35,695,272.00	₱ 71,390,544.00
P-13487	February	4,248,883.00	27,442,961.00	54,885,922.00
P-13488	March	2,717,651.00	23,731,094.00	47,462,188.00
P-13489	April	-	19,417,619.00	38,835,238.00
P-13490	May	12,973,587.00	1,856,455.00	3,712,910.00
P-13491	June	16,335,470.00	-	-
P-13492	July	19,426,230.00	-	-
P-13493	August	16,964,317.00	-	-
P-13494	September	8,667,290.00	20,370,397.00	40,740,794.00
P-13495	October	1,844,365.00	28,635,653.00	57,271,306.00
P-13496	November	690,561.00	26,183,105.00	52,366,210.00
P-13497	December	539,679.00	19,276,497.00	38,552,994.00
	Total	**85,367,783.00**	**202,609,053.00**	**₱405,218,106.00**

It is further noted that the monthly SAP-generated ORBs do not indicate the starting balance of LPG volume at the beginning of the period. Moreover, the document is actually denominated as *Summary of Product Deliveries & Taxes Paid or Applicable Thereon.* A comparison of the figures in the SAP-generated ORBs with the Manual ORB filed with BIR shows that there are discrepancies, to which petitioner or the ICPA provided no explanation for the variances, as follows:

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29 USB submitted on June 9, 2022, underscoring supplied.
30 USB submitted on June 8, 2022.

2019	Removals from Local Production (in kg) per Manual ORBs*	Locally-produced LPG (in kg) deliveries per SAP-generated ORBs	Difference
January		35,695,272.00	-35,695,272.00
February	45,554,917.00	27,442,961.00	18,111,956.00
March	39,334,166.00	23,731,094.00	15,603,072.00
April	33,246,200.00	19,417,619.00	13,828,581.00
May	2,958,787.00	1,856,455.00	1,102,332.00
June	-	-	-
July	-	-	-
August	-	-	-
September	25,896,001.00	20,370,397.00	5,525,604.00
October	47,446,659.00	28,635,653.00	18,811,006.00
November	42,782,842.00	26,183,105.00	16,599,737.00
December	31,761,157.00	19,276,497.00	12,484,660.00
Total	**268,980,729.00**	**202,609,053.00**	**66,371,676.00**

* *Excluding January 2019*

Going back, petitioner's total withdrawals of LPG from the PBR for the year 2019 are supported by BIR Form No. 2200-P Excise Tax Return with attached Summary of Removals and Excise Tax Due on Petroleum Products Chargeable Against Payments.[31] The ICPA's Monthly Summary of Breakdown of Quantity Removed and Equivalent Excise Taxes Due of All Petroleum Products shows the following, among others, to wit:[32]

		Tax Rate ₱2.00 - LPG	
Reference Annex	**2019**	**Quantity in Kilo**	**Tax Amount (B)**
D_1	JANUARY	35,695,272.00	₱ 71,390,544.00
D_2	FEBRUARY	27,442,961.00	54,885,922.00
D_3	MARCH	23,731,094.00	47,462,188.00
D_4	APRIL	19,417,619.00	38,835,238.00
D_5	MAY	1,856,455.43	3,712,910.86
D_6	JUNE	-	-
D_7	JULY	-	-
D_8	AUGUST	-	-
D_9	SEPTEMBER	15,511,471.00	31,022,942.00
D_{10}	OCTOBER	28,635,653.00	57,271,306.00
D_{11}	NOVEMBER	25,196,405.00	50,392,810.00
D_{12}	DECEMBER	19,276,579.00	38,553,158.00
Total		**196,763,509.43**	**₱393,527,018.86**

Ideally, the foregoing should be supported by Withdrawal Certificates (WCs) and Cargo Outturn Certificates (COCs). However, the submitted WCs show a total of 32,104,850.00 kg[33] of LPG removed from PBR, while COCs shows

[31] Exhibits "P-101" to "P-6055", USB marked as Exhibit "P-43-2" and USB submitted on October 6, 2023.
[32] *Annex D* of ICPA Report, Exhibit "P-42", Docket – Vol. I, p. 376. See also USB submitted on June 8, 2022.
[33] Exhibits "P-13560" to "P-13680", USB filed on June 9, 2022.

a total of 36,056,715.00 kg of LPG removed from PBR.[34] Unfortunately, petitioner offered no explanation or reconciliation to account for the discrepancies.

More so, the COCs are not classified as to the destination of the withdrawn LPG. The Court then tried to ascertain how much volume of LPG were removed from PBR and transferred to the various terminal/depot, as follows:

Terminal/Depot	Volume of LPG Transferred (in kg) per COCs
Pasig	12,390,670.00
Mandaue	4,617,615.00
Batangas	14,712,191.00
Ormoc	1,211,015.00
Bacolod	736,333.00
Iloilo	679,028.00
Jimenez	605,836.00
Palawan	354,478.00
PBR	749,549.00
TOTAL	**36,056,715.00 kg**

Imported LPG

On the other hand, petitioner imported 220,773,050 kg of LPG having the equivalent excise taxes amounting to ₱441,546,100.00:[35]

	Volume in Kilograms	Excise Tax Rate	Excise Taxes Due and Paid to BOC
Petron Bataan Refinery	81,944,252	₱2.00	₱ 163,888,504.00
Batangas	94,704,274	₱2.00	189,408,548.00
Mandaue, Cebu	33,326,406	₱2.00	66,652,812.00
Tacloban	6,255,412	₱2.00	12,510,824.00
Tagaloan	4,542,706	₱2.00	9,085,412.00
Total Importations of LPG	**220,773,050**		**₱441,546,100.00**

The foregoing excise taxes on importations for the taxable year 2019 are supported by BOC Single Administrative Documents (SADs), Statements of Settlement of Duties and Taxes (SSDTs), BOC Payment Receipts, Bills of Lading, supplier invoices, and BIR Authority to Release Imported Goods (ATRIG).[36] Examination of these documents shows that the same are in order and petitioner has proven that it paid the excise taxes in the amount of ₱441,546,100.00 on its importation of LPG from Petron Singapore Trading Pte. Ltd. for taxable year 2019.

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[34] Exhibits "P-13681" to "P-13802", USB filed on June 9, 2022.

[35] *Annex G* of ICPA Report, Exhibit "P-42", Docket – Vol. I, p. 374. See also Part II(B)(1) of Exhibit "P-42", Docket – Vol. I, pp. 365 to 366.

[36] Exhibits "P-6136" to "P-6267", USB submitted on June 8, 2022 and USB submitted on October 6, 2023.

Furthermore, per Schedule 1 of the Excise Tax Returns (ETRs) for the year 2019, excise taxes on imported LPG for the same taxable period amount to ₱82,472,338.00.[37] At the rate of ₱2.00 per kilogram, this is equivalent to 41,236,169.00 kg of LPG removed for the year 2019. However, the withdrawals of LPG per WCs (BIR Form 2231) for petitioner's imported LPG is summarized as follows (only a portion of the table is shown below):[38]

Exhibit No.	WC	Issuing Plant	Receiving Plant	Remarks	Local or Imported?	WC
P - 13943	66733	Batangas	San Fernando Terminal	Tank Truck Transfer	Imported	✓
P - 13944	66786	Batangas	San Fernando Terminal	Tank Truck Transfer	Imported	✓
P - 13945	440900	PLT	Gasul Pasig	Tank Truck Transfer	Imported	✓
P - 13946	855311	PLT	Gasul Pasig	Tank Truck Transfer	Imported	✓
P - 13947	855315	PLT	Gasul Pasig	Tank Truck Transfer	Imported	✓

Similarly, petitioner's COCs for the period January 2019 to December 2019 for its imported LPG is likewise summarized hereafter as follows (only a portion of the table is shown below):

Exhibit No.	COC	Issuing Plant	Receiving Plant	Remarks	Local or Imported?	COC
P - 14108	175835	Batangas	San Fernando Terminal	Tank Truck Transfer	Imported	✓
P - 14109	175874	Batangas	San Fernando Terminal	Tank Truck Transfer	Imported	✓
P - 14110	167500	PLT	Gasul Pasig	Tank Truck Transfer	Local	✓
P - 14111	167653	PLT	Gasul Pasig	Tank Truck Transfer	Local	✓
P - 14112	167501	PLT	Gasul Pasig	Tank Truck Transfer	Local	✓

From the foregoing, the Court cannot verify the total withdrawals of imported LPG as the volume removed per WCs and COCs are not indicated. Consequently, the volume of withdrawals cannot be classified as to the destination of the removed LPG.

<u>Sale of LPG to Tax-Exempt Entities</u>

Petitioner submitted sales invoices[39] and delivery notes[40] for its sales of LPG to tax-exempt entities in the year 2019 in the aggregate volume of 17,198,891.95 kg as follows:[41]

	Quantity of Removals in kg	Excise Tax Rate per kg	Amount of Excise Taxes
Locally-produced	7,660,412.52	₱ 2.00	₱ 15,320,825.04

[37] Annex D of Exhibit "P-42", Docket – Vol. I, p. 376.
[38] USB submitted on June 9, 2022.
[39] Exhibits "P-6288" to "P-9876", USB submitted on June 8, 2022 and USB submitted on October 6, 2023.
[40] Exhibits "P-9877" to "P-13485", USB submitted on June 8, 2022 and USB submitted on October 6, 2023.
[41] *Annex A* of the ICPA Report, Exhibit "P-42", Docket – Vol. I, p. 373.

Imported	9,538,479.43	₱ 2.00	19,076,958.86
Total	**17,198,891.95**		**₱34,397,783.90**

Petitioner likewise submitted a *Schedule of Sales – 2019 LPG,*[42] listing all of its tax-exempt customers per sales invoices with exhibit reference numbers and with columns for the corresponding invoice dates, delivery notes, and volume and amount of sales.

Again, to comply with the *third* requirement, petitioner must be able to show the Court that the same sales came from its removals for which it paid excise taxes from January 2, 2019 until the end of December 2019.

In doing so, petitioner submitted the monthly manual ORBs of its various terminals,[43] with receipts that should tally with the WCs and/or COCs. However, the same was also not summarized, hence, the Court yet again endeavoured to summarize the same, to wit:

Terminal/Depot	Beg. Balance	(in MT)[44]		End. Balance
		Receipts	Issues	
Batangas	540.071	24,584.00	24,404.00	1,515.108
Pasig	738.000	119,641.80	119,521.90	933.200
Mandaue	2,223,694.500	41,484,417.00	43,015,119.50	1,903,693.400
Ormoc	198,022.000	4,267,166.00	4,321,636.80	
Rosario		49,035.00	48,641.00	988.000
San Fernando	287.000	24,584.00	24,404.00	462.000
TOTAL		**46,071,263.209**	**47,654,650.350**	

The Court again notes that the ORBs for Ormoc Terminal for the month of December 2019[45] and for Rosario Terminal for the month of January 2019[46] are unreadable. Also, the receipts are not specified whether they are locally-produced or imported LPG.

Perforce, pursuant to Section 8(b) of Revenue Regulations (RR) No. 2-2018,[47] petroleum products shall be liquidated and accounted for on a "First-In First-Out" (FIFO) method of inventory:

> "**SEC. 8. TRANSITORY PROVISION.** — For the effective implementation of the Act, the following guidelines shall be followed during the transitory period:

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42 USB submitted on June 9, 2022.
43 Exhibits "P-15966-1" to "P15966-128", USB filed on May 4, 2023.
44 MT = metric ton. To convert metric ton to kilograms, multiply by 1000.
45 Exhibit "P-15966-36", USB submitted on May 4, 2023.
46 Exhibit "P-15966-37", USB submitted on May 4, 2023.
47 SUBJECT: Providing for the Revised Tax Rates and Other Implementing Guidelines on Petroleum Products Pursuant to Republic Act No. 10963, otherwise known as the "Tax Reform for Acceleration and Inclusion (TRAIN) Law", issued January 24, 2018.

x x x

b) *Accounting for stocks or inventory of goods after each date of effectivity of the new excise tax rates.* These inventories of petroleum products taken prior to each date of effectivity shall be liquidated and accounted for on a "First-In First-Out" (FIFO) method of inventory.

x x x"

Herein, it can be safely deduced that the removals from petitioner's various terminals for the month of January 2019 (and probably in the succeeding months) include the beginning balance –which is essentially the LPG that have been removed from the PBR with excise taxes paid thereon upon removal in the previous taxable period. As such, the removals taken from the terminal's beginning inventory, if sold to tax-exempt entities, should not form part of petitioner's claim for refund.

The ICPA reports that the *"quantity of removals and transfers of locally-produced LPG to the four terminals located in Mandaue, Ormoc, Pasig and Batangas from the daily Withdrawal Certificate per BIR Form 2231 which were duly signed and attested by the internal revenue officer on premise (vessel transfer)"* and the *"quantity of removals of imported and locally-produced LPG from Batangas terminal to San Fernando, Rosario, and Pasig from COC, CIC and WC (tank transfers)"* were traced. Movement and transfers of *"locally-produced LPG from Terminals to Industrial from COC, Withdrawal Certificate and Liquidation Statement"* and *"imported LPG from terminals to Industrial from COC and Liquidation Statement"* were likewise traced.[48]

The ICPA prepared schedules of *Liquidation Statements Consolidated Schedule of Sales* for each of petitioner's terminals wherein the invoices issued are compared with the delivery notes and liquidation statements.[49] Portions of the subject schedules are shown hereafter as follows:

LOCATION	DATE	INVOICE NO.	VOLUME	AMOUNT of Excise Taxes	With Sales Invoice provided	Ref Delivery Note	With Delivery Notes provided	Page to LS Terminal	PER VVC Page No. Industrial	Amount per LS	Importation	Excise Tax Due
Mandaue	01 18 2019	1010070684	1,100.00	2,200.00	√	8008109891	√	1	1	2,669.00		√
Mandaue	01 18 2019	1010070690	310.00	620.00	√	8008109888	√	1	1			√
Mandaue	01 18 2019	1010070693	361.00	722.00	√	8008109894	√	1	1			√
Mandaue	01 18 2019	1010070694	898.00	1,796.00	√	8008109901	√	1	1			√
Mandaue	01 19 2019	1010072793	2,180.00	4,360.00	√	8008112161	√	1	1	3,980.00		√

[48] Part II(D)(1), Exhibit "P-42", Docket – Vol. I, p. 369.
[49] USB submitted on June 9, 2022.

LOCATION	DATE	INVOICE NO.	VOLUME	AMOUNT of Excise Taxes	With Sales Invoice provided	Ref Delivery Note	With Delivery Notes provided	Page to LS Terminal	PER VVC Page No. Industrial	Amount per LS	Importation	Excise Tax Due
Rosario (Industrial Customers)	01 07 2019	1010050628	8,530.34	17,060.68	√	8008085936	√	1, 2, 3, 4, 5, 6	1, 2	124,873.00		√
Rosario (Industrial Customers)	01 07 2019	1010050644	7,848.36	15,696.72	√	8008085666	√	1, 2, 3, 4, 5, 6	1, 2			√
Rosario (Industrial Customers)	01 07 2019	1010050656	8,514.52	17,029.04	√	8008085354	√	1, 2, 3, 4, 5, 6	1, 2			√
Rosario (Industrial Customers)	01 07 2019	1010050661	8,558.29	17,116.58	√	8008084029	√	1, 2, 3, 4, 5, 6	1, 2			√
Rosario (Industrial Customers)	01 07 2019	1010050666	7,993.70	15,987.40	√	8008083876	√	1, 2, 3, 4, 5, 6	1, 2			√

LOCATION	DATE	INVOICE NO.	VOLUME	AMOUNT of Excise Taxes	With Sales Invoice provided	Ref Delivery Note	With Delivery Notes provided	Page to LS Terminal	PER VVC Page No. Industrial	Amount per LS	Importation	Excise Tax Due
Ormoc	01 04 2019	1010047311	10,100.00	20,200.00	√	8008079350	√	1	1, 2, 3, 4	10,100.00		√
Ormoc	01 07 2019	1010051759	9,850.00	19,700.00	√	8008084142	√	1	1, 2, 3, 4	9,850.00		√
Ormoc	01 10 2019	1010055532	9,710.00	19,420.00	√	8008091676	√	1	1, 2, 3, 4	9,710.00		√
Ormoc	01 14 2019	1010061576	10,370.00	20,740.00	√	8008096920	√	1	1, 2, 3, 4			√
Ormoc	01 15 2019	1010062395	10,180.00	20,360.00	√	8008101292	√	1	1, 2, 3, 4	10,180.00		√

LOCATION	DATE	INVOICE NO.	VOLUME	AMOUNT of Excise Taxes	With Sales Invoice provided	Ref Delivery Note	With Delivery Notes provided	PER VVC Page No. Industrial	Page to LS Terminal	Amount per LS	Importation	Excise Tax Due
Pasig Gasul	01 16 2019	1010064817	1,920.00	3,840.00	√	8008103122	√	1	1	17,822.00	√	
Pasig Gasul	01 16 2019	1010064820	4,001.00	8,002.00	√	8008103127	√	1	1		√	
Pasig Gasul	01 16 2019	1010065511	7,261.00	14,522.00	√	8008103229	√	1	1		√	
Pasig Gasul	01 16 2019	1010065521	3,000.15	6,000.30	√	8008105265	√	1	1		√	
Pasig Gasul	01 16 2019	1010065522	1,640.00	3,280.00	√	8008105282	√	1	1		√	

LOCATION	DATE	INVOICE NO.	VOLUME	AMOUNT of Excise Taxes	With Sales Invoice provided	Ref Delivery Note	With Delivery Notes provided	Page to LS Terminal	PER VVC Page No. Industrial	Amount per LS	Importation	Excise Tax Due
San Fernando (Transshipment)	01 02 2019	1010049057	5,220.00	10,440.00	√	8008079984	√	1, 2, 3	1, 2	5,220.00		√
San Fernando (Transshipment)	01 03 2019	1010049047	8,210.00	16,420.00	√	8008080934	√	1, 2, 3	1, 2	18,501.00		√
San Fernando (Transshipment)	01 03 2019	1010049063	2,301.00	4,602.00	√	8008081260	√	1, 2, 3	1, 2			√
San Fernando (Transshipment)	01 03 2019	1010053251	7,990.00	15,980.00	√	8008081970	√	1, 2, 3	1, 2			√
San Fernando (Transshipment)	01 04 2019	1010049427	8,190.00	16,380.00	√	8008083247	√	1, 2, 3	1, 2	8,190.00		√

Verily, the foregoing schedules consist of petitioner's sales of **all** LPG, not just the quantity sold to its tax-exempt customers. Petitioner failed to identify which of the foregoing pertains to its sales to tax-exempt entities, which is the subject of the present claim for refund. Correspondingly, without references corresponding to the exhibit number of the invoices, WCs, and Liquidation Statements (LSs), the Court cannot accurately ascertain the veracity of the foregoing findings.

Furthermore, petitioner's submission of the USB containing soft copies of Annex H1 is of no moment, as the information therein cannot fully assist the Court verify or confirm the "tracing" done by the ICPA of petitioner's LPG from the various terminals to its tax-exempt customers. Annex H1 is basically the same as the *Schedule of Sales – 2019 LPG* already submitted by petitioner on June 9, 2022.

Hence, even if the said submission were taken into consideration, the decision of the Court will not be greatly affected as insisted by petitioner.

Based on all of the foregoing, petitioner still failed to prove that the LPG on which the claimed excise taxes paid in the year 2019 were indeed sold to tax-exempt entities in the same year, considering that the quantity of LPG removed (with the corresponding excise taxes) which were subsequently sold to tax-exempt entities cannot be fully traced to the excise tax returns and importation documents. As a result, petitioner failed to comply with the *third* requirement.

It cannot be over-emphasized that in claims for refund, the burden of proof is on the taxpayer to prove entitlement to such refund. It is incumbent upon petitioner to show clearly its basis for claiming that it is entitled to a tax refund. In the same line, tax refunds are like tax exemptions, and "the governing principle is that tax exemptions are to be construed in *strictissimi juris* against the taxpayer and liberally in favor of the taxing authority; xxx he who claims a refund or exemption from taxes has the burden of justifying the exemption by words too plain to be mistaken and too categorical to be misinterpreted."[50] Based on the foregoing, it is crucial that "party litigants should <u>prove every minute aspect of their cases</u>."[51] This entails clear and careful presentation, organization, and classification of the documents – and the information contained therein– in a manner that will convince the Court that its claim is justified based on facts and law.

With regard to the second ground, petitioner argues that the Court should have considered its exhibits despite being reproductions of photocopied documents, and that the following volume of sales be considered, to prove that it fully complied with the *second* requirement, to wit:

To entities with CRTEs not validated by the ICPA	2,330,530.82 kgs
Supported by invoices not offered as evidence	138,137.47 kgs
Total	**2,468,668.29 kg**

The Court does not agree.

To reiterate, the entities with PEZA *Certifications* and CRTEs marked as "Reproduction of Photocopied Document" was already taken into account by the Court, BUT only as to those entities with PEZA *Certifications* and CRTEs that were **duly** validated by the court-commissioned ICPA, the assailed Decision partly reads:

> "Examination of the submitted PEZA *Certifications* and *Certificates of Registration and Tax Exemption* (CRTEs) issued by SMBA and CDC

[50] *Compagnie Financiere Sucres Et Denrees v. Commissioner of Internal Revenue,* G.R. No. 133834, August 28, 2006.
[51] *Commissioner of Internal Revenue v. Manila Mining Corporation,* G.R. No. 153204, August 31, 2005.

shows that there is no CRTE submitted for Cebu Swallow Eishin Corp., and all PEZA *Certifications* and CRTEs were marked 'Reproduction of Photocopied Document'. Notably, the Court-commissioned ICPA, Ms. Normita L. Villaruz, stated the following in her report:

> '2. The original copies of the Certificates of Registration and Tax Exemption are retained by the customers and electronics [*sic*] copies were provided to Petron.
>
> We validated the registration and tax exemption of the customers of Petron with the respective government agencies and confirmed the authenticity of the scanned copy certificates ***except*** for the following customers:

Name of Entities	Registration Certification No.	Validity Period
SUBIC BAY TOWN CENTER, INC.	2010-0117	August 30, 2018 – August 29, 2021
JOHNSON CONTROLS-HITACHI AIR CONDITIONING PHILIPPINES, INC.	1997-0022	June 18, 2018 – June 17, 2021
NIDEC SUBIC PHILIPPINES CORPORATION	1999-0024	December 04, 2018 – December 03, 2021
EIGHT INTEGRATED DEVELOPMENT CORP.	2018-510	November 09, 2018 – November 8, 2021
SWALLOW GLOVE CEBU CORPORATION FORMERLY CEBU SWALLOW-EISHIN CORPORATION	92-056	January 1, 2019 – June 30, 2019
DAIKI OM ALUMINIUM INDUSTRY (PHILIPPINES), INC.	10-79	For the year 2019
FCC (PHILIPPINES) CORP.	93-55	January 1, 2019 – June 30, 2019"

However, in the ICPA *Supplemental Report* dated May 2, 2023, the ICPA indicated:

> '4. As stated on page 4 (C) (6) of our **Report dated June 06, 2022**, we requested Clark Development Corporation (CDC) to provide Certificate of Registration of Petron's customers to confirm their registration and eligibility for tax-exemption under Republic Act 9400 of CDC.
>
> We received from CDC a response letter dated June 09, 2022, signed by the Officer-in-Charge, Business Development and Business Enhancement Group, confirming the issuance of Certificate of Registration and Tax Exemption (CRTE No. 2018-510) to Eight Integrated Development Corp. (EIDC) for the period January 1, 2019 to December 31, 2019 (**Exhibit P-15965**).'

Further, the PEZA *Certifications* and CRTEs submitted are valid only for the period indicated therein, *i.e.*, January 1, 2019 to June 30, 2019, July 1, 2019 to December 31, 2019, and/or for the year 2019 only."[52] *(Citations omitted and underscoring added)*

Similarly, the Court is not unaware that when the original document is unavailable, photocopies may be admitted as secondary evidence, provided the same complied with Section 5, Rule 130 of the Revised Rules of Court.[53] Inevitably, in order that secondary evidence may be admissible, there must be proof by satisfactory evidence of (1) due execution of the original; (2) loss, destruction or unavailability of all such originals and (3) reasonable diligence and good faith in the search for or attempt to produce the original.[54] In this case, petitioner was not able to sufficiently prove compliance with the aforementioned requirements. Hence, only those PEZA *Certifications* and CRTEs that were verified and validated by the ICPA were considered by the Court.

As to the last and third ground in its Motion, petitioner argues that Exhibits "P-6268" to "P-6287" form part of the ICPA Report and these were identified and verified by the ICPA as faithful reproductions of the original. As such, petitioner asserts that although said exhibits were not formally offered, these exhibits may still be admitted, considering they have been duly identified by the ICPA and have been incorporated in the records of the case.

Again, the Court does not agree.

Perusal of the ICPA's testimony shows that **Exhibits "P-6268" to "P-6287"** were **not duly identified** contrary to petitioner's allegation, to wit: [55]

11. Q:	Ms. Witness, I am showing (to) you documents which are mentioned in your ICPA Report as documents which were previously presented, what relation do these documents have with the documents you mentioned:

Exhibit Reference	**Particulars**
P-101 to P-6055	Excise Tax Returns
P-6056 to P-6135	Payment Confirmation Details
P-6136 to P-6267	Importation Documents
P-6288 to P-9876	Sales Invoices
P-9877 to P-13485	Delivery Notes
P-13486 to P-13497	SAP Generated Official Register Book

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[52] Decision, pp. 20 to 21.

[53] *SEC.5 When original document is unavailable.* – When the original document has been lost or destroyed, or cannot be produced in court, the offeror, upon proof of its execution or existence and the cause of its unavailability without bad faith on his part, may prove its contents by a copy, or by a recital of its contents in some authentic document, or by the testimony of witnesses in the order stated.

[54] *Republic of the Philippines v. Marcos-Manotoc, et al.*, G.R. No. 171701, February 8, 2012, adopting the ruling of the Sandiganbayan.

[55] Exhibit "P-41", *Judicial Affidavit of Normita Villaruz* dated October 6, 2022, Docket – Vol. I, pp. 421 to 438.

	P-13498 to P-13554	Certificate of Registration with PEZA, SBMA, and CDC; Request Letters
	P-13555 to P-13559	Related Tax Regulations
	P-13560 to P-15469	Withdrawal Certificates, Cargo Outturn Certificates and Cargo Intake Certificates
	P-15470 to P-15642	Cash Receipts
	P-15643 to P-15688	Liquidation Statements of Mandaue
	P-15689 to P-15776	Liquidation Statements of Rosario, Cavite
	P-15777 to P-15826	Liquidation Statements of Ormoc
	P-15827 to P-15909	Liquidation Statements of Ugong, Pasig
	P-15910 to P-15961	Liquidation Statements of San Fernando
A:	These are the documents that I identified in my Independent CPA Report. The summaries of these documentary exhibits are contained in excel files saved in the USB flash drive attached in the document with the subject Motion to Admit dated June 9, 2022, marked as Exhibit P-44-2. The documents mentioned above were photocopied from the original and certified true copy of the documents in Petitioner's files. Copies of the documents submitted to the Honorable Court are faithful reproductions thereof or are original printouts from the Petitioner's SAP system.	

Consequently, the Court cannot still consider Exhibits "P-6268" to "P-6287" in its Decision due to petitioner's failure to duly identify the same.

Again, it is not the duty of the government to disprove a taxpayer's claim for refund but, rather, the burden of establishing the factual basis of a claim for a refund rests on the taxpayer, which must still present substantial evidence to prove its right thereto. An applicant for a claim for tax refund or tax credit must not only prove entitlement to the claim but also compliance with all the documentary and evidentiary requirements.[56]

Herein, albeit submitting various voluminous documents to support its claim, petitioner unfortunately failed to clearly present the factual bases for its entitlement in compliance with all the evidentiary requirements for its claim for refund to prosper.

In view of the foregoing disquisitions, there being no new matter or substantial issue raised by petitioner in its Motion for Reconsideration, the Court

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[56] *Eastern Telecommunications Philippines, Inc. v. Commissioner of Internal Revenue*, G.R. No. 183531, March 25, 2015, citing *J.R.A. Philippines, Inc. v. Commissioner of Internal Revenue*, G.R. No. 171307, August 28, 2013.

finds no compelling reason to justify the reversal or modification of its findings in the Decision promulgated on June 13, 2025.

WHEREFORE, premises considered, petitioner's Motion for Reconsideration (Re: Decision dated June 13, 2025) is **DENIED** for lack of merit.

SO ORDERED.

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

We Concur:

On Official Business
MARIA ROWENA MODESTO SAN-PEDRO
Associate Justice

CORAZON G. FERRER-FLORES
Associate Justice