REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL THIRD DIVISION

NCH CUSTOMER SUPPORT SERVICES, INC., *Petitioner,*	**CTA Case No. 10842**
- versus -	Members: **REYES-FAJARDO,** *Chairperson* and **ANGELES,** *JJ.*
COMMISSIONER OF INTERNAL REVENUE, *Respondent.*	Promulgated: JUL 10 2026 2:46 p.m.

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DECISION

REYES-FAJARDO, *J.*:

This Petition for Review filed by NCH Customer Support Services, Inc., seeks the refund or issuance of a tax credit certificate for its alleged unutilized input value-added tax (VAT) arising from its domestic purchases of goods (other than capital goods), services, capital goods attributable to its zero-rated sales, in the amount of ₱4,911,579.71 [₱4,559,874.48],[1] for the fourth (4th) quarter of taxable year (TY) 2019.[2]

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1 The amount of refund/tax credit originally prayed for in the *Petition for Review* was ₱4,911,579.71, but the same was reduced to ₱4,559,874.48, which is the amount of refund recommended by the Independent Certified Public Accountant; Refer to par. 92 and Prayer, *Memorandum for Petitioner,* Docket - Vol. 2, pp. 732 and 740, respectively.

2 Prayer, *Petition for Review,* Docket - Vol. 1, pp. 24 to 25.

FACTS

Petitioner NCH Customer Support Services, Inc. is a corporation duly organized and existing under and by virtue of Philippine laws.[3] It is registered with the Bureau of Internal Revenue (BIR), under Taxpayer Identification No. (TIN) 009-216-572-000, with address at 6/F Tower 3 Double Dragon Plaza Edsa Ext. cor. Macapagal Ave., Pasay City.[4]

Respondent is the duly appointed Commissioner of Internal Revenue vested, under Section 4 of the National Internal Revenue Code of 1997 (NIRC), as amended, with authority to assess and collect internal revenue taxes, and to decide disputed assessments, subject to the exclusive appellate jurisdiction of this Court.[5]

On December 31, 2021, petitioner filed with the BIR VAT Credit Audit Division (VCAD,[6] an administrative claim for refund or issuance of a tax credit certificate in the amount of ₱18,290,604.03, representing alleged unutilized input VAT for the period from July 1, 2019 to December 31, 2019.[7]

On the same date, the BIR issued Tax Verification Notice No. TVN201800190693,[8] authorizing Revenue Officers Faye Armie S. Arroyo and Aubrey M. Pepito-Collado, to verify petitioner's supporting documents and pertinent records in relation to its claim.

On March 22, 2022,[9] petitioner received VAT Refund Notice dated March 10, 2022,[10] signed by Assistant Commissioner, Assessment Service, Maria Luisa I. Belen, partially granting its administrative claim. The approved VAT refund was computed as follows:[11]

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3 Exhibit "P-1," Docket - Vol. 1, pp. 404 to 418.
4 Exhibit "P-2," Docket - Vol. 1, p. 650.
5 Par. 1, Stipulation of Facts, *Joint Stipulation of Facts and Issues* (JSFI), Docket - Vol. 1, p. 238.
6 Exhibits "P-13" and "P-13-1," BIR Records (Exhibit "R-5"), p. 68.
7 Exhibit "R-2," BIR Records (Exhibit "R-5"), p. 69.
8 Exhibit "R-1," BIR Records (Exhibit "R-5"), p. 71.
9 Q&A No. 62, Exhibit "P-19," Docket - Vol. 1, p. 44.
10 Exhibit "P-14," Docket - Vol. 1, pp. 506 to 512.
11 Annex "A," Exhibit "P-14," Docket - Vol. 1, p. 507.

Input VAT per Application (BIR Form No. 1914)		**₱18,290,604.03**
Deductions from Claim:		
Disallowed input VAT due to non-compliance with invoicing requirements pursuant to Sec. 113 of the Tax Code (Annex "A.1")[12]	₱(605,976.43)	
Disallowed input VAT on Big-ticket purchases (Annex "A.2")[13]	(4,536,948.79)	
Discrepancy of input tax per claim vs. per schedule	(2,492,368.55)	
Input tax prescribed (Annex "A.3")[14]	(7,552,072.04)	
Output VAT on proceeds from the disposal of property and equipment (Annex "A.4")[15]	(190,697.16)	
Net allocated input tax on sales not qualified as zero-rated sales (Annex "A.4")	(30,101.41)	₱(15,408,164.38)
AMOUNT APPROVED FOR VAT REFUND		**₱ 2,882,439.65**

On April 21, 2022, petitioner filed the present Petition for Review, docketed as CTA Case No. 10842,[16] to which respondent filed his Answer on June 7, 2022.[17]

On June 7, 2022, respondent transmitted to the Court the BIR Records of this case, consisting of 220 pages in one (1) folder.[18]

On August 18, 2022, the Pre-Trial Conference was held.[19]

On September 7, 2022, the parties filed their Joint Stipulation of Facts and Issues,[20] which the Court approved through its Resolution dated September 23, 2022.[21] On the basis thereof, the Pre-Trial Order was issued on October 26, 2022.[22]

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12 Exhibit "P-14," Docket - Vol. 1, p. 508.
13 Exhibit "P-14," Docket - Vol. 1, p. 509.
14 Exhibit "P-14," Docket - Vol. 1, pp. 510 to 511.
15 Exhibit "P-14," Docket - Vol. 1, p. 512.
16 Docket - Vol. 1, pp. 7 to 30.
17 Docket - Vol. 1, pp. 166 to 173.
18 *Compliance* dated June 3, 2022, Docket - Vol. 1, pp. 191 to 193.
19 Notice of Pre-Trial Conference dated June 22, 2022, Docket - Vol. 1, pp. 198 to 200; Minutes of the hearing held on, and Order dated, August 18, 2022, Docket - Vol. 1, pp. 227 to 227-B and 228 to 230, respectively.
20 Docket - Vol. 1, pp. 238 to 248.
21 Docket - Vol. 1, pp. 288 to 289.
22 Docket - Vol. 1, pp. 299 to 313.

Trial thereafter ensued.

Petitioner presented two witnesses: (1) Ms. Melissa Cabrera,[23] petitioner's Financial Controller; and (2) Mr. Adan T. Delamide,[24] the Court-commissioned Independent Certified Public Accountant (ICPA Delamide).[25]

On November 25, 2022, ICPA Delamide submitted his Amended Report.[26]

On February 13, 2023, petitioner filed its Formal Offer of Evidence,[27] to which respondent filed his Comment (Re: Formal Offer of Evidence) on February 28, 2023.[28]

By Resolution dated April 19, 2023,[29] the Court admitted petitioner's offered exhibits, except:

1. Exhibits "P-2" and "P-41," for failure of the exhibit formally offered and identified to correspond with the document marked;

2. Exhibit "P-15" for failure to present the original for comparison;

3. Exhibits "P-37," "P-38," "P-42," "P-43," "P-44," "P-45," and "P-46," for not being found in the records and for failure of petitioner's witness to identify the same; and

4. Exhibit "P-39," for being unreadable.

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23 Exhibit "P-19," Docket - Vol. 1, pp. 31 to 49; Minutes of the hearing held on, and Order dated, October 20, 2022, Docket - Vol. 1, pp. 292 to 292-C, and 293 to 294, respectively.

24 Exhibit "P-120," Docket - Vol. 1, pp. 351 to 356; Minutes of the hearing held on, and Order dated, January 24, 2023, Docket - Vol. 1, pp. 363 to 365.

25 *Oath of Commission* dated October 20, 2022, Docket - Vol. 1, p. 292-D; Minutes of the hearing held on, and Order dated, October 20, 2022, Docket - Vol. 1, pp. 292 to 292-C, and 293 to 294, respectively.

26 Exhibit "P-121," Docket - Vol. 1, pp. 315 to 328.

27 Docket - Vol. 1, pp. 370 to 402.

28 Docket - Vol. 1, pp. 565 to 567.

29 Docket - Vol. 1, pp. 570 to 573.

On May 11, 2023, petitioner filed a Manifestation and Motion for Reconsideration and Transfer of Marking (of the Resolution dated 19 April 2023),[30] without respondent's comment.[31] In its Resolution dated December 21, 2023,[32] the Court granted its motion for transfer of marking.

In its Resolution dated April 19, 2024,[33] the Court noted and partially granted petitioner's motion for reconsideration by admitting Exhibit "P-41," but denying the admission of Exhibit "P-2," for failure to submit the duly-marked exhibit, and Exhibit "P-39," for being unreadable.

On May 8, 2024, petitioner filed a Motion for Partial Reconsideration with Motion to Admit Exhibit "P-2.[34] Respondent again failed to file a comment.[35] In the Resolution dated October 11, 2024,[36] the Court granted the motion and admitted Exhibit "P-2."

For his part, respondent presented Revenue Officer (RO) Jan Kevin S. Bautista as his sole witness.[37]

On November 6, 2024, respondent filed his Formal Offer of Evidence,[38] to which petitioner filed its Comment [to the Respondent's Formal Offer of Evidence dated 6 November 2024] with Notice of Counsels' Email Addresses, filed on December 6, 2024.[39] In its Resolution dated April 30, 2025,[40] the Court admitted respondent's offered exhibits, *except* Exhibit "R-4," which was not found in the case records.

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30 Docket - Vol. 1, pp. 574 to 582.
31 Records Verification Report dated August 30, 2023, issued by the Judicial Records Division of this Court, Docket - Vol. 1, p. 617.
32 Docket - Vol. 1, pp. 621 to 622.
33 Docket - Vol. 1, pp. 635 to 639.
34 Docket - Vol. 1, pp. 640 to 649.
35 Records Verification Report dated June 10, 2024, issued by the Judicial Records Division of this Court, Docket - Vol. 1, p. 655.
36 Docket - Vol. 1, pp. 658 to 659.
37 Exhibit "R-6," Docket - Vol. 1, pp. 178 to 182; Minutes of the hearing held on, and Order dated, November 5, 2024, Docket - Vol. 1, pp. 660 to 662.
38 Docket - Vol. 1, pp. 667 to 670.
39 Docket - Vol. 2, pp. 678 to 680.
40 Docket - Vol. 2, pp. 694 to 695.

In its Resolution dated July 10, 2025,[41] the case was submitted for decision, taking into account Respondent's Memorandum, filed on May 28, 2025;[42] and the Memorandum for Petitioner posted on May 30, 2025.[43]

ISSUES

Whether petitioner is entitled to the refund or issuance of a tax credit certificate in the amount of ₱4,559,874.48, representing its alleged unutilized input VAT attributable to its zero-rated arising from its purchases of goods (other than capital goods), services, and capital goods for the fourth (4th) quarter of TY 2019.[44]

ARGUMENTS

Petitioner argues that it has complied with all the requirements for the grant refund or issuance of tax credit certificate for its unutilized input VAT under Section 112 of the NIRC, as amended. Specifically: 1) it is a VAT-Registered person; 2) it timely filed both its administrative and judicial claims for input VAT refund; 3) its sale of services to a foreign corporation not doing business in the Philippines is subject to zero percent (0%) VAT rate pursuant to Section 108(B)(2) of the NIRC, as amended; 4) it duly substantiated its claimed input taxes in accordance with Section 113 of the same Code; 5) the substantiated input taxes are attributable to its zero-rated sales; and 6) such input taxes remained unutilized and were not applied against any output VAT liability.

Respondent, on the other hand, contends that the Petition must be dismissed for petitioner's failure to substantiate its administrative claim for refund and maintains that the partial denial of the claim was proper.

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41 Minute Resolution dated July 10, 2025, Docket – Vol. 2, p. 746.
42 Docket – Vol. 2, pp. 696 to 703.
43 Docket - Vol. 2, pp. 708 to 742.
44 Issue/s to be Tried or Resolved, Pre-Trial Order dated October 26, 2022, Docket - Vol. 1, pp. 305 to 306.

RULING

The Petition for Review lacks merit.

In *Chevron Holdings, Inc. (Formerly Caltex Asia Limited) v. Commissioner of Internal Revenue (Chevron),*[45] the Supreme Court summarized the requisites for the grant of a refund or tax credit of unutilized input VAT attributable to zero-rated or effectively zero-rated under Section 112 of the NIRC, as amended:

1. The claim must be filed within two (2) years after the close of the taxable quarter when the zero-rated or effectively zero-rated sales were made;
2. The taxpayer is VAT-registered;
3. The taxpayer is 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 the transitional input tax, to the extent that such input tax has not been applied against the output tax.

The administrative and judicial claims for input VAT refund was timely filed; thus, the Court acquired jurisdiction over CTA Case No. 10842.

Section 112 (A) and (C) of the NIRC, as amended by Republic Act (RA) No. 10963[46] [otherwise known as the Tax Reform for Acceleration and Inclusion Act (TRAIN)], states in part:

SEC. 112. *Refunds or Tax Credits of Input Tax.* —

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45 G.R. No. 215159, July 05, 2022.

46 AN ACT AMENDING SECTIONS 5, 6, 24, 25, 27, 31, 32, 33, 34, 51, 52, 56, 57, 58, 74, 79, 84, 86, 90, 91, 97, 99, 100, 101, 106, 107, 108, 109, 110, 112, 114, 116, 127, 128, 129, 145, 148, 149, 151, 155, 171, 174, 175, 177, 178, 179, 180, 181, 182, 183, 186, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 232, 236, 237, 249, 254, 264, 269, AND 288; CREATING NEW SECTIONS 51-A, 148-A, 150-A, 150-B, 237-A, 264-A, 264-B, AND 265-A; AND REPEALING SECTIONS 35, 62, AND 89; ALL UNDER REPUBLIC ACT 8424, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES.

> (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 or 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: *Provided, finally,* That for a person making sales that are zero-rated under Section 108(B)(6), the input taxes shall be allocated ratably between his zero-rated and non-zero-rated sales.
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> ...
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> C) *Period within which Refund of Input Taxes shall be Made.* — In proper cases, the Commissioner shall grant a refund for creditable input taxes within ninety (90) days from the date of submission of the official receipts or invoices and other documents in support of the application filed in accordance with Subsections (A) and (B) hereof: *Provided,* That should the Commissioner find that the grant of refund is not proper, the Commissioner must state in writing the legal and factual basis for the denial.
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> In case of full or partial denial of the claim for tax refund, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim, appeal the decision with the Court of Tax Appeals: *Provided, however,* That failure on the part of any official, agent, or employee of the BIR to act on the application within the ninety (90)-day period shall be punishable under Section 269 of this Code.

Section 112(A) of the NIRC, as amended by RA No. 10963, requires a taxpayer claiming a refund or tax credit of unutilized input VAT to file an administrative claim within two (2) years after the close of the taxable quarter when the zero-rated or effectively zero-rated sales were made.

Under Section 112(C) of the same Code, the BIR has ninety (90) days from date of submission of the official receipts or invoices and other supporting documents to decide on the taxpayer's administrative claim. At present, these documents are submitted upon the filing the taxpayer's administrative claim for input VAT refund.[47] If the commissioner renders an adverse decision within the ninety (90)-day period, the taxpayer may appeal to the Court within thirty (30) days from receipt of the decision.

Petitioner's claim pertains to the fourth (4th) quarter of TY 2019, which closed on December 31, 2021. Counting two (2) years therefrom, petitioner had until December 31, 2021, within which to file its administrative claim. Records show that petitioner filed its administrative claim with the BIR VCAD on December 31, 2021; hence, the administrative claim was timely filed.[48]

The BIR had ninety (90) days from December 31, 2021, or until March 31, 2022, to decide on the claim. On March 22, 2022,[49] respondent, through Assistant Commissioner, Assessment Service, Maria Luisa I. Belen, received a *VAT Refund* Notice dated March 10, 2022, partially granting its claim. Counting thirty (30) days from March 22, 2022, petitioner had until April 21, 2022, within which to seek judicial recourse. Accordingly, the timely filing of petitioner's Petition for Review April 21, 2022,[50] vested the Court with jurisdiction over this case.

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47 See *Zuellig-Pharma Asia Pacific Ltd. Phils. ROHQ v. Commissioner of Internal Revenue*, G.R. No. 244154, July 15, 2020. Beginning June 11, 2014, or upon effectivity of Revenue Memorandum Circular (RMC) No. 54-2014, the documents are deemed complete upon filing of the taxpayer's administrative claim for input VAT refund.

48 Exhibits "P-13" and "P-13-1," BIR Records (Exhibit "R-5"), p. 68.

49 Q&A No. 62, Exhibit "P-19," Docket - Vol. 1, p. 44.

50 Docket - Vol. 1, pp. 7 to 30.

Petitioner is a VAT-registered taxpayer.

Petitioner failed to validly establish and substantiate its zero-rated sales for the fourth (4th) quarter of TY 2019.

Petitioner is a VAT-registered taxpayer, under TIN 009-216-572-000.[51]

In its amended Quarterly Value-Added Tax Return (BIR Form No. 2550-Q) for the fourth (4th) quarter of TY 2019,[52] petitioner declared total sales/receipts amounting to ₱208,378,088.13, all of which are zero-rated sales/receipts. According to petitioner, these supposed zero-rated sales were based on Section 108(B)(2) of the NIRC, as amended, providing as follows:

> SEC. 108. *Value-added Tax on Sale of Services and Use or Lease of Properties.* -
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> ...
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> (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) Processing, manufacturing or repacking goods for other persons doing business outside the Philippines which goods are subsequently exported, where the services are paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);
>
> (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);**[53]

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51 Exhibit "P-2," Docket - Vol. 1, p. 650.
52 Exhibits "P-3-2" and "P-3-3," Docket - Vol. 1, at p. 431.
53 Boldfacing supplied.

For sale of services to qualify for the zero percent (0%) VAT rate under Section 108(B)(2) of the NIRC, as amended, the following conditions must concur:

1. The recipient of the services is a foreign corporation, and the said corporation is doing business outside the Philippines, or is a non-resident person not engaged in business who is outside the Philippines when the services are performed;[54]

2. The services fall under any of the categories under Section 108(B)(2),[55] or simply, the services rendered should be other than "processing, manufacturing or repacking goods";[56]

3. The service must be performed in the Philippines[57] by a VAT-registered person; and

4. The payment for such services should be in acceptable foreign currency accounted for in accordance with BSP rules.[58]

Not all of these conditions were met.

One. Accenture, Inc. v. Commissioner of Internal Revenue (Accenture)[59] ruled that to accord 0% VAT on sales under Section 108(B)(2) of the NIRC, as amended, the recipient of the refund claimant's services is a nonresident foreign corporation **not doing business in the Philippines**:

> The evidence presented by Accenture may have established that its clients are foreign. This fact does not automatically mean, however, that these clients were doing business outside the Philippines. After all, the Tax Code itself has provisions for a

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54 *Sitel Philippines Corporation (Formerly Clientlogic Phils. Inc.) vs. Commissioner of Internal Revenue*, G.R. No. 201326, February 8, 2017; *Commissioner of Internal Revenue vs. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.*, G.R. No. 153205, January 22, 2007; *Accenture, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 190102, July 11,2012.

55 *Commissioner of Internal Revenue vs. American Express International, Inc. (Philippine Branch)*, G.R. No. 152609, June 29, 2005.

56 *Commissioner of Internal Revenue vs. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.*, supra.

57 *Commissioner of Internal Revenue vs. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.*, supra; *Commissioner of Internal Revenue vs. American Express International, Inc. (Philippine Branch)*, supra.

58 *Id.*

59 G.R. No. 190102, July 11, 2012.

> foreign corporation engaged in business within the Philippines and vice versa, to wit:
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> > SEC. 22. Definitions - When used in this Title:
> >
> > ...
> >
> > (H) The term "resident foreign corporation" applies to a foreign corporation engaged in trade or business within the Philippines.
> >
> > (I) The term nonresident foreign corporation applies to a foreign corporation not engaged in trade or business within the Philippines.
>
> Consequently, to come within the purview of Section 108(B)(2), it is not enough that the recipient of the service be proven to be a foreign corporation; rather, **it must be specifically proven to be a nonresident foreign corporation. ...**[60]

Commissioner of Internal Revenue v. Deutsche Knowledge Services Pte. Ltd. (Deutsche)[61] then clarified that the *prima facie* evidence required to establish a client's status as a nonresident foreign corporation (NRFC) required in *Accenture* are: (1) the foreign articles of association or incorporation; and (2) and the Philippine Securities and Exchange Commission (SEC) Certificate of Non-Registration:

> **For purposes of zero-rating under Section 108(B)(2) of the Tax Code, the claimant must establish the two components of a client's NRFC status, *viz.*: (1) that their client was established under the laws of a country not the Philippines or, simply, is not a domestic corporation; and (2) that it is not engaged in trade or business in the Philippines. To be sure, there must be sufficient proof of both of these components: showing not only that the clients are foreign corporations, but also are not doing business in the Philippines.**
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> ...
>
> In any case, after a judicious review of the records, the Court still do not find any reason to deviate from the court *a quo*'s findings. **To the Court's mind, the SEC Certifications of Non-Registration show that these affiliates are foreign corporations. On the other hand, the articles of association/certificates of incorporation stating that these affiliates are registered to operate in their respective home countries, outside the Philippines are**

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60 Boldfacing supplied.
61 G.R. No. 234445, July 15, 2020.

***prima facie* evidence that their clients are not engaged in trade or business in the Philippines.**[62]

In this case, petitioner presented the following documentary evidence to establish the NRFC status of its affiliates: *first,* SEC Certificates of Non-Registration of Company, certifying that the SEC records do not show the registration of LC International Limited and Ladbrokes Digital Australia Pty. Ltd.; and *second,* Certificates of Incorporation and Articles of Association of LC International Limited and Ladbrokes Digital Australia Pty. Ltd. as follows:

Company Name	**SEC Certification of Non-Registration of Company**	**Proof of Incorporation/ Registration**
1. LC International Limited (LIL)	"P-8"[63]	"P-7"[64]
2. Ladbrokes Digital Australia Pty. Ltd. (LDA)	"P-8-1"[65]	"P-7-1"[66]

Consistent with *Accenture* and *Deutsche,* these documents collectively establish petitioner's clients' LIL and LDA are NRFCs not doing business in the Philippines.

Two. The law requires that the nature of services performed by the claimant to its clients is other than processing, manufacturing, or repacking of goods. To establish said requirement, petitioner produced the following agreements:

1. *Intra-Group Customer Services Agreement* between LC International Limited and petitioner executed on June 3, 2019,[67] which defines "Services" as including, among others, provision of information, customer service team, and provision of customer commercial operations support;[68] and,

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62 Boldfacing ours.
63 Exhibit "P-8," Docket - Vol. 1, p. 481.
64 Exhibit "P-7," Docket - Vol. 1, pp. 468 to 470.
65 Exhibit "P-8-1," Docket - Vol. 1, p. 482.
66 Exhibit "P-7-1," Docket - Vol. 1, pp, 471 to 480.
67 Exhibit "P-5," Docket - Vol. 1, pp. 434 to 460.
68 *Schedule 1, Services,* Exhibit "P-5," Docket - Vol. 1, pp. 445 to 447.

2. *Amendment to the Services Agreement* between GVC Australia Pty. Ltd. (formerly Ladbrokes Digital Australia Pty. Ltd.) and petitioner executed on January 10, 2020),[69] which defines "Services" as including, among others, creative/design team, CRM coordination, and provision of information in relation to services.[70]

As for LIL, the services rendered by petitioner to LIL fall within the scope of *"services other than processing, manufacturing or repacking goods,"* thereby adhering with condition *two.*

As for LDA, petitioner failed to prove the nature of services to the former. Specifically, the *Amendment to the Services Agreement* between petitioner and LDA took effect on March 1, 2020.[71] It means that there was no evidence of the original service agreement covering the subject period of claim, *i.e.*, fourth (4th) quarter of TY 2019. Therefore, petitioner failed to prove compliance with condition *two.*

Three. The law requires that the services be performed by the claimant in the Philippines. True, the provisions of the Agreements for Services,[72] do not expressly state that the contracted services are to be performed by the petitioner in the Philippines. Nonetheless, petitioner's witness Ms. Melissa Cabrera, testified as follows:

> Q-37: **Where are the services performed?**
> A-37: **In the Philippines.** Considering the services performed by NHC are customer support services, payments verification, business intelligence, creative/design team, CRM coordination and quality control, among others, the nature of the activities are performed in the Philippines. Moreover, the personnel in charge are all based in the Philippines.[73]

There being no evidence showing otherwise, the Court finds that petitioner has sufficiently established compliance with condition *three.*

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69 Exhibit "P-5-1," Docket - Vol. 1, pp. 461 to 466.
70 *Schedule 1 Services*, Exhibit "P-5-1," Docket - Vol. 1, pp. 464 to 466.
71 Exhibit "P-5-1," Docket - Vol. 1, at p. 462.
72 Exhibits "P-5" and "P-5-1" Docket - Vol. 1, pp. 434 to 466.
73 Q&A No. 37, Exhibit "P-19," Docket - Vol. 1, p. 38. Boldfacing supplied.

Four. The law requires that foreign currency proceeds from zero-rated sales be inwardly remitted and duly accounted for in accordance with BSP rules and regulations.

In this regard, the BIR disallowed petitioner's sales transaction with LDA allegedly for lack of proof of inward remittance as shown below:[74]

Customer	OR No.	OR Date	Sales US$	Remittance PhP
Ladbrokes Digital Australia Pty. Ltd	30	10/17/2019	$57,952.83	₱2,039,360.35

The BIR is wrong.

A scrutiny of OR No. 30[75] reveals that the transaction was denominated in Australian Dollars (AUD), not in United States Dollars (USD), contrary to the BIR's initial appreciation. Moreover, verification of the corresponding inward remittance certificate issued by BDO Unibank, Inc.[76] confirms that the foreign currency proceeds for the transaction, were, in fact, inwardly remitted to petitioner and properly accounted for in accordance with BSP rules and regulations, as shown below:

OR	Date	Customer Name	Amount in OR	Amount in PHP	Bank Ref. No.	Remitter Name
"P-25"	10/17/2019	LADBROKES DIGITAL AUSTRALIA PTY LTD.	AUD57,952.83	PHP1,987,034.13	3039TT30Y9497694	GVC Australia Pty. Ltd

The remittance reflected under GVC Australia Pty. Ltd., is consistent with the former corporate name of petitioner's client[77] prior to its change to Entain Group Pty Ltd., thereby sufficiently reconciling the identity of the remitter with that of petitioner's customer.

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74 Line [1], Computation of input tax allocated to sales not qualified as zero-rated, Annex "A.4," Exhibit "P-14," Docket - Vol. 1 p. 512.
75 Exhibit "P-25," USB (Exhibit "P-122").
76 Exhibit "P-34-1," USB (Exhibit "P-122").
77 Exhibit "P-7-1," Docket - Vol. 1, at p. 472.

Likewise, the proceeds of inward remittance as regards petitioner's sales transactions with LIL were duly proven. True, the inward remittance certificate consistently identifies Ladbrokes Group Finance PLC as the remitter.[78] Yet, this variance does not negate compliance, as the records and supporting documents sufficiently establish that the payments for services rendered to LC International Limited were facilitated through its affiliated finance entity, Ladbrokes Group Finance PLC.[79]

More importantly, the certifications[80] of inward remittances issued by BDO Unibank, Inc. shows that the foreign currency proceeds corresponding to petitioner's total reported zero-rated sales of ₱208,378,088.13 were inwardly remitted and properly accounted for in accordance with BSP rules and regulations, as follows:[81]

OR[82]	Date[83]	Customer Name	Amount in US$/AU$	Amount in Ph₱	Bank Ref. No.[84]	Remitter Name[85]
"P-20"	10/01/2019	LC INTERNATIONAL LIMITED	$294,000.00	₱15,170,400.00	EBANKGO86779047	Ladbrokes Group Finance PLC
"P-21"	10/07/2019	LC INTERNATIONAL LIMITED	$135,000.00	6,966,000.00	EBANKGO86915963	Ladbrokes Group Finance PLC
"P-22"	10/15/2019	LC INTERNATIONAL LIMITED	$387,000.00	19,872,450.00	EBANKGO87026947	Ladbrokes Group Finance PLC
"P-23"	10/21/2019	LC INTERNATIONAL LIMITED	$240,000.00	12,228,000.00	EBANKGO87143188	Ladbrokes Group Finance PLC
"P-24"	10/28/2019	LC INTERNATIONAL LIMITED	$231,000.00	11,723,250.00	EBANKGO87260058	Ladbrokes Group Finance PLC
"P-25"	10/17/2019	LADBROKES DIGITAL AUSTRALIA PTY LTD.	AUD 57,952.83	1,987,034.13	3039TT30Y9497694	GVC Australia Pty. Ltd
"P-26"	11/05/2019	LC INTERNATIONAL	$253,000.00	12,751,200.00	EBANKGO87395621	Ladbrokes Group

78 Exhibits "P-34" and "P-34-1," USB (Exhibit "P-122")
79 Exhibit "P-9-1," Docket – Vol. 1, pp. 489 to 496; Exhibits "P-34" and "P-34-1," USB (Exhibit "P-122").
80 Exhibits "P-34" and "P-34-1," USB (Exhibit "P-122").
81 *Schedule of Zero-rated Sales*, Annex-B, Exhibit "P-121," Docket – Vol. 1, p. 327.
82 Exhibits "P-20" to "P-33," USB (Exhibit "P-122").
83 Expressed in mm/dd/yyyy.
84 Exhibits "P-34" and "P-34-1," USB (Exhibit "P-122").
85 *Id.*

		LIMITED				Finance PLC
"P-27"	11/11/2019	LC INTERNATIONAL LIMITED	$291,000.00	14,724,600.00	EBANKGO87510421	Ladbrokes Group Finance PLC
"P-28"	11/18/2019	LC INTERNATIONAL LIMITED	$273,000.00	13,841,100.00	EBANKGO87623549	Ladbrokes Group Finance PLC
"P-29"	11/25/2019	LC INTERNATIONAL LIMITED	$625,000.00	31,593,750.00	EBANKGO87737715	Ladbrokes Group Finance PLC
"P-30"	12/02/2019	LC INTERNATIONAL LIMITED	$359,000.00	18,183,350.00	EBANKGO87868792	Ladbrokes Group Finance PLC
"P-31"	12/09/2019	LC INTERNATIONAL LIMITED	$241,000.00	12,158,450.00	EBANKGO87999953	Ladbrokes Group Finance PLC
"P-32"	12/16/2019	LC INTERNATIONAL LIMITED	$408,000.00	20,502,000.00	EBANKGO88125349	Ladbrokes Group Finance PLC
"P-33"	12/26/2019	LC INTERNATIONAL LIMITED	$328,000.00	16,676,504.00	EBANKGO88273818	Ladbrokes Group Finance PLC
		TOTAL	**AUD 57,952.83 $4,065,000.00**	**₱208,378,088.13**		

In fine, petitioner satisfactorily complied with condition *four*.

Summing it up, petitioner rendered services to both LIL and LDA. Of these two (2) services, only petitioner's services rendered to LIL adhered with the requirements of Section 108(B)(2) of the NIRC, as amended. The services rendered by petitioner to LDA are *not* zero-rated because there was no sufficient proof that the nature thereof is *other than processing, manufacturing or repacking goods.*

At any rate, petitioner's ORs[86] ***failed*** to adhere with the substantiation requirements under Sections 110 and 113 of the NIRC, as amended. Being so, petitioner lacks valid zero-rated sales. Thus, petitioner's input VAT refund claim should be ***entirely denied***.

Commissioner of Internal Revenue v. Filminera Resources Corporation[87] is clear in that "... to be entitled for the refund or tax

86 Exhibits "P-20" to "P-33," USB (Exhibit "P-122").

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

credit, the taxpayer must not only prove the existence of zero-rated sales, but must also prove that the zero-rated sales were issued valid invoice or official receipts pursuant to Sections 113 (A) and (B), and 237 of the 1997 NIRC, in relation to Section 4.113-1(B) of RR No. 16-2005."

To substantiate its declared total zero-rated sales amounting to ₱208,378,088.13 for the fourth (4th) quarter of TY 2019, petitioner presented the VAT zero-rated ORs[88] issued to its foreign clients,[89] namely, LC International Limited (formerly, Ladbrokes International Limited),[90] and Ladbrokes Digital Australia Pty. Ltd. (now known as Entain Group Pty Ltd., and previously as GVC Australia Pty Ltd.),[91] along with its Summary List of Sales[92] and *Statements of Account*.[93]

Section 113(B)(3) of the NIRC, as amended, requires that a VAT invoice or VAT OR contain, among others, the following information:

a. Date of transaction;
b. Quantity;
c. Unit cost; and
d. Description of the goods or properties sold or the **nature of the service rendered**.

Petitioner failed to indicate the nature of services rendered in the supporting ORs. Specifically, petitioner merely indicated "service fee" in the space provided for the nature of service in the ORs,[94] without specifying the particular services actually rendered. While the term "service fee" suggests that the payment was made as consideration for a service, it does not satisfy the requirement under Section 113(B)(3) of the NIRC, as amended, that the OR state the **nature** of the services rendered. Simply indicating "Service Fee" does not identify the specific service provided. Simply put, the ORs evidencing petitioner's zero-rated sales are defective, nay, deficient.

88 Exhibits "P-20" to "P-33," USB (Exhibit "P-122").
89 Q&A No. 31, Exhibit "P-19," Docket - Vol. 1, p. 37.
90 Exhibit "P-7," Docket - Vol. 1, at p. 468.
91 Exhibit "P-7-1," Docket - Vol. 1, at p. 472.
92 Exhibit "P-4," Docket - Vol. 1, p. 433.
93 Exhibits "P-80" to "P-83," USB (Exhibit "P-122").
94 *Id.*

CONCLUSION

Petitioner's input VAT refund claim covering the 4th Quarter of TY 2019 should be denied because: (1) petitioner failed to prove the nature of services rendered to LDA, as required in Section 108(B)(2) of the NIRC, as amended; and (2) the ORs substantiating petitioner's zero-rated sales failed to specify the nature of the service/s rendered, as required in Section 113 of the NIRC, as amended.

Indeed, the claimant, like petitioner, must show satisfaction of all the documentary and evidentiary requirements before an administrative claim for refund or tax credit will be granted. Perforce, the taxpayer claiming the refund must comply with the invoicing and accounting requirements mandated by the Tax Code, as well as the revenue regulations implementing them.[95] Having failed to do so, petitioner is not entitled to the refund or credit sought.

WHEREFORE, the Petition for Review filed by NHC Customer Support Services, Inc. is **DENIED** for lack of merit.

SO ORDERED.

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

I CONCUR:

HENRY S. ANGELES
Associate Justice

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95 *Commissioner of Internal Revenue v. Philex Mining Corporation*, G.R. No. 230016, November 23, 2020, citing *Bonifacio Water Corporation (Formerly Bonifacio Vivendi Water Corporation) v. The Commissioner of Internal Revenue*, G.R. No. 175142, July 22, 2013.

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.

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

MARIA ROWENA MODESTO-SAN PEDRO
Acting Presiding Justice