REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL THIRD DIVISION

AECOM PHILIPPINES, INC., Petitioner,	CTA CASE NO. 9239
	Members:
-versus-	FABON-VICTORINO, *Acting Chairperson* and RINGPIS LIBAN, *JJ.*
COMMISSIONER OF INTERNAL REVENUE, Respondent.	Promulgated:
	APR 0 2 2019 3:44 p.m.

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DECISION

FABON-VICTORINO, J.:

In this Petition for Review[1] filed on January 14, 2016, petitioner Aecom Philippines, Inc. prays for the refund of its alleged excess and unutilized creditable withholding tax (CWT) for fiscal year (FY) 2013 in the amount of Thirteen Million Nine Hundred Eighty-Two Thousand Four Hundred Thirty-Three Pesos (₱13,982,433.00).

THE FACTS

Petitioner Aecom Philippines, Inc. is a domestic corporation, with principal office located at 23rd Floor, Fort Legend Towers, 31st Street, Fort Bonifacio Global City, Taguig City.

Petitioner is registered with the Bureau of Internal Revenue (BIR) with Certificate of Registration No.

[1] Vol. 1 Docket, pp. 10-20.

OCN9RC0000321684[2] and with the Securities and Exchange Commission (SEC) with Company Registration No. A1996-02509[3].

Per its Amended Articles of Incorporation[4], petitioner was established primarily for the following purposes:

> To engage in the business of providing engineering, consultancy, technical, advisory, construction project management, and environmental impact analysis services as well as implementation and execution of plans, and doing any and all other businesses incidental thereto or connected therewith, and the doing and performing of any and all acts and things necessary, proper or convenient for and incidental to the furtherance and/or implementation of the purposes herein enumerated.

According to petitioner, it earns income from the performance of the above-enumerated services to its clients/customers, and a part of its earnings were subjected to creditable withholding tax by its payors/clients.

For FY 2013, a portion of petitioner's income was allegedly subjected to 15% CWT pursuant to Section 2.57.2(B) of Revenue Regulations (RR) No. 2-98, as amended by RR No. 30-03, while some were subjected to the 2% CWT under Sections 2.57.2(E) and 2.57.2(M) of RR No. 2-98.

On January 15, 2014, petitioner electronically filed its Annual Income Tax Return[5] (AITR) for FY ended September 30, 2013, and amended[6] it on January 15, 2015. In its Final Adjustment Return (FAR) filed on January 15, 2015, petitioner indicated that the tax overpayment of ₱18,574,811 was "To be refunded"[7].

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[2] Exhibit "P-3".
[3] Exhibit "P-1".
[4] Exhibit "P-2.
[5] Exhibit "P-4".
[6] Exhibit "P-5".
[7] Exhibit "P-5".

On January 13, 2016, petitioner filed an application for tax refund[8] with supporting documents, with the Revenue District Office (RDO) No. 44 for its alleged unutilized CWT in the amount of ₱13,982,433.00.

Immediately the day after, or on January 14, 2016, petitioner filed the instant Petition for Review[9] before the Court.

On February 5, 2016, respondent posted his Answer[10] through registered mail, stating that taxes paid and collected are presumed to have been made in accordance with law and implementing regulations, hence, not refundable. Further, petitioner has the burden of showing that it has complied with the provisions of Section 204(C), in relation to Section 229 of the National Internal Revenue Code (NIRC) of 1997, but failed. Petitioner was unable to fully substantiate by proper documents, i.e., sales invoices and official receipts, its claim for refund of its alleged unutilized CWT in the amount of ₱13,982,433.00 for FY 2013.

Further, in a claim for tax refund/credit, taxpayer such as petitioner must prove not only entitlement to the grant of the claim under substantive law, it must also show satisfaction of all documentary and evidentiary requirements for an administrative claim for refund or tax credit.[11] Finally, claims for refund are construed strictly against the claimant, as the same partake the nature of exemption from taxation[12] and as such, they are looked upon with disfavor.[13]

After the pre-trial conference[14], a Pre-Trial Order was issued on June 20, 2016[15].

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[8] Exhibits "P-13" and "P-14", docket, vol. 2, pp. 662-667 and 668.
[9] Docket, vol. 1, pp. 10-24.
[10] Docket, vol. 1, pp. 68-72.
[11] *Atlas Consolidated Mining and Development Corporation v. Commissioner of Internal Revenue,* 518 SCRA
[12] *Commissioner of Internal Revenue vs. Ledesma,* 31 SCRA 95.
[13] *Western Minolco Corp. vs. Commissioner of Internal Revenue,* 124 SCRA 121.
[14] Minutes of the Hearing, vol. 1 docket, p. 242.
[15] Vol. 1 Docket, pp. 276-280.

During the trial, petitioner presented as its witnesses Ma. Lourdes Lascoña, Attorney Clifford Chua and Janis Myrtle P. Delos Reyes.

By way of a Judicial Affidavit[16], petitioner's Senior Finance Manager, **Ma. Lourdes Lascoña** testified that she has been under the employ of petitioner since March 28, 2011 and was promoted to her current position on January 1, 2016. As a Senior Finance Manager, she is in possession of petitioner's corporate records such as its Articles of Incorporation, BIR Certificate of Registration, tax returns, and other documents it filed with the SEC, the BIR and other government agencies. She also ensures that petitioner complies with existing tax laws and regulations, supervises the preparation of its tax returns, including payments and filings thereof, and handles tax issues.

Petitioner is registered with the SEC with Company Registration No. A1996-02509[17], as well as with the BIR with BIR Certificate of Registration No. OCN9RC0000321684 and TIN 004-868-770-000[18].

She opined that petitioner is entitled to a refund of ₱13,982,433.00, representing its excess and unutilized creditable income taxes withheld for the FY 2013 since it is engaged in the business of providing engineering consultancy, technical advisory, construction project management and environmental impact analysis services, as well as implementation and execution of plans. As such, the professional fees paid to petitioner were subjected to 15% CWT, while the services it rendered to clients belonging to Top Twenty Thousand Corporations were subjected to 2% CWT. Petitioner's income and the CWTs deducted therefrom were all reported in petitioner's ITR for FY 2013. The said CWTs were not utilized against petitioner's income taxes liability[19], hence, it is entitled to its claim for refund.

For FY 2013, petitioner utilized its prior year's excess credit of ₱22,416,120.00 and a portion of its creditable taxes withheld by its customer in 2013, in the amount of

[16] Exhibits "P-65" to "P-65-a".
[17] Exhibits "P-1" and "P-2".
[18] Exhibit "P-3".
[19] Exhibit "P-5".

₱6,401,324.00, against its income tax due of ₱28,817,444.00 leaving a total of ₱14,131,115.00 unutilized CWT for FY 2013. In its AITR for 2013, petitioner indicated the option "To be refunded" for its tax overpayment.

The witness recalled that the prior year's excess credits indicated in petitioner's AITR for FY 2014[20] in the amount of ₱4,443,696.00, was composed of the amount ₱3,839,671.31 for which petitioner filed a claim for issuance of tax credit certificate (TCC) for 2006, and foreign tax credit of ₱604,025.00. The said application for issuance of TCC was denied by the Court in Division in the Decision dated October 21, 2011[21] and Resolution dated December 26, 2011[22] due to petitioner's non-submission of the original of its ITR. Such denial was affirmed by the Court *En Banc* in its Decision dated October 23, 2012[23] and Resolution dated May 28, 2013[24]. Petitioner's previous business name was Maunsell Philippines Inc.[25] The witness further declared that the amount of ₱3,839,671.31 has been included in petitioner's 2013 AITR but it is not part of the present claim for refund.

On January 13, 2016, petitioner filed with BIR RDO No. 44 an administrative claim for refund[26] together with supporting documents and BIR Form No. 1914[27].

The Court-commissioned Independent Certified Public Accountant (ICPA) **Attorney Clifford Chua** testified[28] that he audited and evaluated petitioner's documents and records to verify the validity of its claim for refund of its alleged unutilized and excess creditable income taxes withheld for FY 2013.

Per his examination and verification of petitioner's pertinent documents and as stated in his Final ICPA

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[20] Exhibit "P-6".
[21] Exhibit "P-7".
[22] Exhibit "P-8".
[23] Exhibit "P-9"
[24] Exhibit "P-10".
[25] Exhibits "P-11" and "P-12".
[26] Exhibit "P-13".
[27] Exhibit "P-14".
[28] Exhibits "P-712" and "P-712-a".

Report[29], it is entitled to a tax refund on the unutilized and excess creditable income taxes withheld for FY 2013 in the amount of ₱13,653,367.43 which is equivalent to around 96% of its claimed refund/TCC. He based his computation from petitioner's Certificates of Tax Withheld and Official Receipts, among others.

Petitioner's Senior Accountant **Janis Myrtle P. Delos Reyes** declared[30] that she keeps copies of petitioner's financial documents, including its Audited Financial Statements (AFS) and tax returns. She likewise assists petitioner's Finance Manager in ensuring that petitioner complies with existing tax laws and regulations. She likewise supervises the preparation of its tax returns, filing thereof and payments of the corresponding tax liabilities. She sees to it that the returns and payments thereof are accurate and correct. She assisted petitioner's Finance Manager in handling tax issues related to the present case.

By virtue of her position, she has custody of the consularized People's Republic of China General-Purpose Tax Payment Vouchers[31] issued by the 9th Tax Office, Shanghai Pudong New Area Office, SAT, and the 9th Tax Office, Pudong New Area Office, Shanghai Bureau of Local Taxation, in favor of Aecom Limited Beijing for taxable year 2013. The said documents are the foreign tax certificates issued by the People's Republic of China to Aecom Limited Beijing proving that taxes were withheld from petitioner's income received from Aecom Limited Beijing.

The witness however clarified that she learned about the case when it was endorsed to her by petitioner's former Senior Finance Manager before the latter left the company.

On March 3, 2017, petitioner filed its Formal Offer of Evidence[32], which was resolved in the Resolution[33] dated September 6, 2017. On September 26, 2017, petitioner moved for a reconsideration of the Resolution of September

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[29] Exhibit "P-713" and "P-713-a".
[30] Exhibits "P-722" and "P-722-a".
[31] Exhibits "P-714" to "P-721".
[32] Docket, vol. 2, pp. 522-535.
[33] Docket, vol. 2, pp. 920-921.

6, 2017 and prayed for a commissioner's hearing[34]. On December 20, 2017, petitioner filed its Supplemental Formal Offer of Evidence[35] which the Court resolved in its Resolution[36] dated January 9, 2018 by partially granting petitioner's bid for reconsideration.

On January 29, 2018[37], respondent opted not to present any evidence in support of its defense. Consequently, the Court granted the parties thirty (30) days to file their respective memoranda.

On April 5, 2018,[38] the case was considered submitted for decision after the parties complied with the Resolution of January 29, 2018.

THE ISSUES

The lone issue[39] for the Court's resolution is:

> Whether Petitioner is entitled to its claim for refund of its excess and unutilized creditable withholding taxes for the fiscal year 2013 in the amount of Thirteen Million Nine Hundred Eighty-Two Thousand Four Hundred Thirty-Three Pesos (Php13,982,433.00).

THE COURT'S RULING

Section 76 of the National Internal Revenue Code of 1997, pertinently provides, as follows:

> SEC. 76. *Final Adjustment Return.* – Every corporation liable to tax under Section 27 shall file a final adjustment return covering the total taxable income for the preceding calendar or fiscal year. If the

[34] Docket, vol. 2, pp. 922-927.
[35] Docket, vol. 2, pp. 941-949.
[36] Docket, vol. 2, pp. 973-975.
[37] Minutes of the Hearing, docket, p. 976.
[38] Docket, vol. 2, p. 1014.
[39] Statement of the Issue, JSFI, docket, vol. 1, p. 248.

> sum of the quarterly tax payments made during the said taxable year is not equal to the total tax due on the entire taxable income of that year, the corporation shall either:
>
> (A) Pay the balance of tax still due; or
> (B) Carry-over the excess credit; or
> (C) Be credited or refunded with the excess amount paid, as the case may be.
>
> In case the corporation is entitled to a tax credit or refund of the excess estimated quarterly income taxes paid, the excess amount shown on its final adjustment return may be carried over and credited against the estimated quarterly income tax liabilities for the taxable quarters of the succeeding taxable years. Once the option to carry-over and apply the excess quarterly income tax against income tax due for the taxable quarters of the succeeding taxable years has been made, such option shall be considered irrevocable for that taxable period and no application for cash refund or issuance of tax credit certificate shall be allowed therefor.

From the above provision, there are two options available to a corporation whenever it overpays its income tax for the taxable year: (1) to carry over and apply the overpayment as tax credit against the estimated quarterly income tax liabilities of the succeeding taxable years (also known as automatic tax credit) until fully utilized (meaning, there is no prescriptive period); or (2) to apply for a cash refund or issuance of a tax credit certificate within the prescribed period.[40]

In *Systra Philippines, Inc. vs. Commissioner of Internal Revenue*,[41] the Supreme Court held that in exercising its option, the corporation must signify in its annual corporate adjustment return, by marking the option box provided in the BIR form, its intention either to carry over the excess credit or to claim for a refund. To facilitate tax collection, these remedies are in the alternative and the choice of one precludes the other. However, once the carry-over option is

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[40] *University Physicians Services, Inc. - Management, Inc. v. Commissioner of Internal Revenue*, G.R. No. 205955, March 7, 2018.
[41] G.R. No. 176290, September 21, 2007.

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taken actually or constructively, it becomes irrevocable for that taxable period.[42] The phrase "for that taxable period" merely identifies the excess income tax, subject of the option, by referring to the taxable period when it was acquired by the taxpayer.[43]

Evidently, a corporate taxpayer is not legally allowed a change of heart once it has chosen an option from the two alternative remedies, for the choice of one precludes the other.

This is indicated in the Annual Income Tax Return for the BIR/Form 1702 under line 31, which reads, thus:

> If overpayment, mark one box only: (once the choice is made, the same is irrevocable)

In its Original and Amended AITR for FY 2013, petitioner reflected the following income tax overpayments which it marked "To be refunded", *viz*:

	Exhibit "P-4"[44]	Exhibit "P-5"[45]
Sales/Revenues/Receipts/Fees	₱ 324,574,236.63	₱ 324,574,237.00
Less: Cost of Sales/Services	201,521,469.67	192,006,963.00
Gross Income from Operation	₱ 123,052,766.96	₱ 132,567,274.00
Add: Non-Operating & Other Taxable Income Not Subject to Final Tax	11,928,661.75	11,928,662.00
Total Gross Income	₱ 134,981,428.71	₱ 144,495,936.00
Less: Deductions	38,923,282.99	48,437,790.00
Net Taxable Income (Loss)	₱ 96,058,145.72	₱ 96,058,146.00
Income Tax Due (30%)	₱ 28,817,443.72	₱ 28,817,444.00
Less: Tax Credits/Payments		
Prior Year's Excess Tax Credits	₱ 63,341,047.90	₱ 26,255,791.00
Creditable Tax Withheld for the First Three Quarters	16,717,046.56	16,717,046.00
Creditable Tax Withheld for the Fourth Quarter	3,815,392.95	3,815,393.00
Foreign Tax Credits	604,024.53	604,025.00

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[42] *Philam Asset Management, Inc. v. Commissioner of Internal Revenue*, G.R. Nos. 156637 and 162004, December 14, 2005; *Systra Philippines, Inc. v. Commissioner of Internal Revenue*, *Ibid.*
[43] *Commissioner of Internal Revenue v. Bank of the Philippine Islands*, G.R. No. 178490, July 7, 2009.
[44] Exhibit "P-4".
[45] Exhibit "P-5".

Total Tax Credits	₱ 84,477,511.94	₱ 47,392,255.00
Tax Overpayment	**₱55,660,068.22**	**₱18,574,811.00**

Per its Amended ITR for FY 2013, petitioner has total tax credits of ₱47,392,255.00, consisting of the following:

Prior Year's Excess Tax Credits	₱ 26,255,791.00
Creditable Tax Withheld for the First Three Quarters	16,717,046.00
Creditable Tax Withheld for the Fourth Quarter	3,815,393.00
Foreign Tax Credits	604,025.00
Total Tax Credits	**₱47,392,255.00**

Petitioner claims that its FY 2013 income tax due amounting to ₱28,817,444.00 was paid utilizing ₱22,416,120.00 of its prior years excess credits of ₱26,255,791.00 and a portion of its creditable taxes withheld in FY 2013 in the amount of ₱6,401,324.00. Thus, leaving its prior year's excess credits of ₱3,839,671.00 (₱26,255,791.00 less ₱22,416,120.00), foreign tax credits of ₱604,025.00 and creditable taxes withheld in FY 2013 of ₱14,131,115.00, unutilized as of the end of FY 2013. However, out of the ₱14,131,115.00 creditable taxes withheld in FY 2013, petitioner is only claiming refund of the amount ₱13,982,433.00 as computed below:[46]

Creditable withholding taxes generated for the fiscal year 2013 as presented in petitioner's 2013 income tax return			
Creditable tax withheld for the first three quarters		₱16,717,046.00	
Creditable tax withheld per BIR Form No. 2307 for the fourth quarter		3,815,393.00	₱ 20,532,439.00
Less: Portion Utilized for the fiscal year 2013			
Income tax due for 2013		₱28,817,444.00	
Paid through:			
Prior year's excess credit	₱26,255,791.00		
Prior year's excess credit not used in 2013	3,839,671.00	₱22,416,120.00	6,401,324.00
Unutilized fiscal year 2013 creditable withholding taxes			₱ 14,131,115.00
Less: Amount not included in the refund			148,682.00
Amount of Refund			**₱13,982,433.00**

To support its claim that it has sufficient prior years excess tax credits to cover its income tax due for FY 2013, petitioner presented the related Certificates of Creditable Tax Withheld at Source (BIR Forms No. 2307)[47] which were examined by the ICPA. As summarized by the ICPA, the BIR

[46] Q&A No. 16, Exhibit "P-65".
[47] Exhibits "P-511" to "P-668".

Forms No. 2307 submitted by petitioner pertain to FYs 2009 to 2012 and reflected a total of ₱45,448,251.12 CWT, broken down as follows:[48]

Period Covered	Total CWTs
FY 2009	₱ 6,964,516.89
FY 2010	9,871,922.93
FY 2011	1,673,948.80
FY 2012	26,937,862.50
Total	**₱45,448,251.12**

A scrutiny of the said BIR Forms No. 2307 shows that the amount of ₱1,005,899.03, should be disallowed for the following reasons:

Client	Tax Base	ATC	Rate	Withholding Tax Amount	Exhibit Reference
A. Period not indicated in BIR Form No. 2307					
FCF Mineral Corporation	₱ 1,104,644.13	WC011	15%	₱ 165,696.62	P-543
FCF Mineral Corporation	942,129.00	WC011	15%	141,319.35	P-544
FCF Mineral Corporation	3,009,599.01	WC011	15%	451,439.85	P-557
FCF Mineral Corporation	1,536,021.40	WC010	15%	230,403.21	P-568
Sub-total	*₱ 6,592,393.54*			*₱ 988,859.03*	
B. BIR Form No. 2307 details unreadable					
Costa Del Hamilo	₱ 85,200.00	WC010	10%	₱ 8,520.00	P-556
Costa Del Hamilo	426,000.00	WC120	2%	8,520.00	P-567
Sub-total	*₱ 511,200.00*			*₱ 17,040.00*	
Grand Total	**₱7,103,593.54**			**₱1,005,899.03**	

In addition, petitioner presented the following CWT Certificates to prove additional CWTs for FYs 2009 to 2011 in the amount of ₱13,621,469.90, detailed as follows:

Client	Tax Base	ATC	Rate	Withholding Tax Amount	Exhibit
Berong Nickel Corporation	₱ 435,200.00	WC011	15%	₱ 65,280.00	P-669
Berong Nickel Corporation	2,068,172.00	WC011	15%	309,925.80	P-670
Berong Nickel Corporation	474,560.00	WC011	15%	71,184.00	P-671
Costa Del Hamilo	565,700.00	WC010	10%	56,570.00	P-672
Costa Del Hamilo	412,200.00	WC010	10%	41,220.00	P-673
Davao Integrated port & Stevedoring Services Corporation	482,469.60	WC010	10%	48,246.96	P-674
Hedcor, Inc.	19,092.00	WC011	15%	2,863.80	P-675
Intel Tech Phils. Inc.	28,450.00	WC120	2%	569.00	P-676
Intel Tech Phils. Inc.	19,200.00	WC120	2%	384.00	P-677

[48] Exhibit "P-712".

Sunpower Philippines Manufacturing Ltd	803,221.50	WC120	2%	16,064.43	P-678
Sunpower Philippines Manufacturing Ltd	681,074.00	WC120	2%	13,621.48	P-679
Sunpower Philippines Manufacturing Ltd	755,809.00	WC120	2%	15,116.18	P-680
Team Energy Corporation	1,282,972.60	WC051	15%	192,445.89	P-681
Team Sual Corporation	2,405,108.27	WC011	15%	360,766.24	P-682
2009	**₱ 10,433,228.97**			**₱ 1,194,257.78**	
BL Oombury Investments Holding, Inc.	₱ 150,825.00	WC051	15%	₱ 22,623.75	P-683
Int'l Container Terminal Services, Inc.	27,178,887.36	WC120	2%	543,577.75	P-684
Manila Water Company	16,048,136.20	WC011	15%	2,407,220.43	P-685
Team Energy Corporation	1,282,972.47	WC051	15%	192,445.87	P-686
The Asia Foundation	460,557.50		2%	9,211.15	P-687
2010	**₱ 45,121,378.53**			**₱ 3,175,078.95**	
Asian Terminals, Inc.	₱ 241,970.00	WC011	15%	₱ 36,295.50	P-688
Asian Terminals, Inc.	5,681,450.00	WC011	15%	852,217.50	P-689
Far Southeast Gold Resources, Inc.	233,840.00	WC160	2%	4,676.80	P-690
FCF Minerals Corporation	772,115.00	WC011	15%	115,817.25	P-691
FCF Minerals Corporation	197,220.00	WC011	15%	29,583.00	P-692
FCF Minerals Corporation	1,150,746.26	WC011	15%	172,611.94	P-693
FCF Minerals Corporation	1,415,851.79	WC011	15%	212,377.77	P-694
Holcim Philippines, Inc.	190,000.00	WC120	2%	3,800.00	P-695
Holcim Philippines, Inc.	1,330,000.00	WC160	2%	26,600.00	P-695
Int'l Container Terminal Services, Inc.	11,638,827.51	WC120	2%	232,776.55	P-696
Int'l Container Terminal Services, Inc.	18,348,512.13	WC120	2%	366,970.24	P-697
Int'l Container Terminal Services, Inc.	10,766,916.49	WC120	2%	215,338.33	P-698
Int'l Container Terminal Services, Inc.	22,899,080.01	WC120	2%	457,981.60	P-699
Manila Water Company	11,359,234.20	WC011	15%	1,703,885.13	P-700
Manila Water Company	11,423,793.90	WC011	15%	1,713,569.09	P-701
Manila Water Company	8,653,832.00	WC011	15%	1,298,074.80	P-702
Mariveles Grain Corporation	660,000.00	WC051	15%	99,000.00	P-703
Maynilad Water Services, Inc.	1,865,580.80	WC011	15%	279,837.12	P-704
Maynilad Water Services, Inc.	1,865,580.80	WC011	15%	279,837.12	P-705
Quezon Power (Philippines) Ltd. Co.	180,714.00	WC011	15%	27,107.10	P-706
Sagittarius Mines, Inc.	189,750.00	WC011	15%	28,462.50	P-707
Taganito HPAL Nickel Corporation	393,000.00	WC011	15%	58,950.00	P-708
Taganito HPAL Nickel Corporation	6,026,080.00	WC120	2%	120,521.60	P-709
Team Energy Corporation	3,138,327.47	WC051	15%	470,749.12	P-710
Team Sual Corporation	2,967,287.47	WC051	15%	445,093.12	P-711
2011	**₱123,589,709.83**			**₱ 9,252,133.18**	
GRAND TOTAL	**₱179,144,317.33**			**₱13,621,469.90**	

Note however, that there is a discrepancy between the prior year's excess CWTs being claimed by petitioner as deduction from its income tax due for FY 2013 (₱26,255,791.00) and the total CWTs reflected in the BIR Forms No. 2307 presented by petitioner for FYs 2009 to 2012 (₱58,063,821.99[49]). Hence, there is a doubt as to whether the examined BIR Forms No. 2307 included those

[49] ₱45,448,251.12 plus ₱13,621,469.90 less ₱1,005,899.03.

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which were already claimed as deduction in petitioner's corresponding prior year's. The Court however was unable to verify the same as petitioner failed to present its AITRs for the prior year's covered by said CWTs (*i.e.*, FYs 2009 to 2012). Thus, the Court cannot ascertain whether the CWTs in the amount of ₱58,063,821.99 as represented by said CWTs pertain to petitioner's total excess tax credits over its income tax liabilities for FYs 2009 to 2012.

Since petitioner failed to prove that it had prior years excess credits, petitioner's current year's creditable withholding taxes of ₱20,532,439.00 are not sufficient to cover its income tax due for FY 2013 in the amount of ₱28,817,444.00, as illustrated below:

Income Tax Due for FY 2013	₱ 28,817,444.00
Paid through:	
Prior year's excess credits	-
Current year's CWT credits, before ICPA and Court disallowances	20,532,439.00
Income Tax Still Due	**₱8,285,005.00**

Given that there are no excess CWTs for FY 2013 which may be the subject of a claim for refund under Section 76 of the NIRC of 1997, as amended, petitioner's claim for refund of excess and unutilized creditable income taxes withheld for FY 2013 must be denied.

Further, in order to be entitled to the refund sought, petitioner must prove compliance with the following requirements of the law, to wit:

1) The claim must be filed with the CIR within the two-year period from the date of payment of the tax;

2) The fact of withholding must be established by a copy of a statement duly issued by the payor to the payee showing the amount paid and the amount of the tax withheld; and

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3) It must be shown on the return that the income received was declared as part of the gross income.[50]

Anent the first requisite, Sections 204(C) and 229 of the NIRC of 1997, as amended, relevantly provide:

> SEC. 204. *Authority of the Commissioner to Compromise, Abate and Refund or Credit Taxes.* - The Commissioner may -
>
> xxx xxx xxx
>
> (C) Credit or refund taxes erroneously or illegally received or penalties imposed without authority, refund the value of internal revenue stamps when they are returned in good condition by the purchaser, and, in his discretion, redeem or change unused stamps that have been rendered unfit for use and refund their value upon proof of destruction. **No credit or refund of taxes or penalties shall be allowed unless the taxpayer files in writing with the Commissioner a claim for credit or refund within two (2) years after the payment of the tax or penalty**: *Provided, however,* That a return filed showing an overpayment shall be considered as a written claim for credit or refund.
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> SEC. 229. *Recovery of Tax Erroneously or Illegally Collected.* - No suit or proceeding shall be maintained in any court for the recovery of any national internal revenue tax hereafter alleged to have been erroneously or illegally assessed or collected, or of any penalty claimed to have been collected without authority, or of any sum alleged to have been excessively or in any manner wrongfully collected, until a claim for refund or credit has been duly filed with the Commissioner; but such suit or proceeding may be maintained, whether or not such tax, penalty, or sum has been paid under protest or duress.

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[50] *Commissioner of Internal Revenue v. Mirant (Philippines) Operations Corporation*, G.R. No. 171742, June 15, 2011 and *Mirant (Philippines) Operations Corporation (Formerly: Southern Energy Asia-Pacific Operations (Phils.), Inc.) v. Commissioner of Internal Revenue*, G.R. No. 176165.

> **In any case, no such suit or proceeding shall be filed after the expiration of two (2) years from the date of payment of the tax or penalty regardless of any supervening cause that may arise after payment**: *Provided, however,* That the Commissioner may, even without claim therefor, refund or credit any tax, where on the face of the return upon which payment was made, such payment appears clearly to have been erroneously paid. (emphases supplied).

Pursuant to the above provisions, the two-year prescriptive period for claiming a refund commences to run from the date of filing of the FAR.[51] It is only when the FAR covering the whole year is filed that the taxpayer would know whether a tax is still due or a refund can be claimed based on the adjusted and audited figures.[52]

In the instant case, petitioner claims that it had excess and unutilized CWT for FY 2013. Petitioner filed its Original ITR for FY 2013 on January 15, 2014 through the BIR's EFPS with EFPS Reference No. 121400008364242[53]. Petitioner had two years from the filing of the FAR within which to file a claim for refund of excess CWT, both in the administrative and judicial levels. Counting from January 15, 2014, petitioner had until January 15, 2016, within which to file both administrative and judicial claims for refund of its excess and unutilized CWT for FY 2013. Hence, its administrative claim for refund filed on January 13, 2016[54] via a request letter to BIR Revenue District Office No. 44, together with its Application for Tax Credits/Refunds (BIR Form No. 1914)[55] and the Petition for Review filed before this Court on January 14, 2016[56] were seasonably filed.

As for the second and third requisites, Section 2.58.3(B) of Revenue Regulations (RR) No. 02-98, as amended, states:

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[51] *ACCRA Investments Corporation v. The Honorable Court of Appeals, et al.,* G.R. No. 96322, December 20, 1991.
[52] *Commissioner of Internal Revenue v. TMX Sales, Inc., et al.,* G.R. No. 83736, January 15, 1992.
[53] Exhibit "P-4".
[54] Exhibits "P-13" to "P-13-b".
[55] Exhibits "P-14" to "P-14-a".
[56] Docket, vol. 1, p. 10.

SECTION 2.58.3. Claim for Tax Credit or Refund. -

xxx xxx xxx

(B) Claims for tax credit or refund of any creditable income tax which was deducted and withheld on income payments shall be given due course **only when it is shown that the income payment has been declared as part of the gross income and the fact of withholding is established by a copy of the withholding tax statement duly issued by the payor to the payee showing the amount paid and the amount of tax withheld therefrom**. "(Emphasis supplied)

As to the fact of withholding of the subject claim, the audit conducted by the ICPA revealed that out of the ₱20,532,439.00 reported CWTs for FY 2013, only the amount of ₱20,408,534.47 is properly supported by BIR Forms No. 2307, detailed as follows:

Qtr.	Client	TIN Number	Tax Base	WTC	Tax Rate	Withholding Tax Amount per BIR Form No. 2307	Exh. Ref.
2	APCC	208-134-558-0000	5,302,642.00	WC160	2%	106,052.84	P-71
4	APCC	208-134-558-0000	4,150,634.00	WC160	2%	83,012.68	P-72
4	APCC	208-134-558-0000	1,318,464.00	WC011	15%	197,769.60	P-73
4	ASIAN TERMINALS INC	000-132-413-0000	4,980,005.40	WC011	15%	747,000.81	P-74
4	ASIAN TERMINALS INC	000-132-413-0000					
4	ASIAN TERMINALS INC	000-132-413-0000					
4	ASIAN TERMINALS INC	000-132-413-0000					
4	ASIAN TERMINALS INC	000-132-413-0000					
4	ASIAN TERMINALS INC	000-132-413-0000					
3	ASIAN TERMINALS INC	000-132-413-0000	4,099,177.27	WC011	15%	614,876.59	P-75
3	ASIAN TERMINALS INC	000-132-413-0000					
3	ASIAN TERMINALS INC	000-132-413-0000					
3	ASIAN TERMINALS INC	000-132-413-0000					
2	ASIAN TERMINALS INC	000-132-413-0000	4,821,131.07	WC011	15%	723,169.66	P-76

2	ASIAN TERMINALS INC	000-132-413-0000					
2	ASIAN TERMINALS INC	000-132-413-0000					
2	ASIAN TERMINALS INC	000-132-413-0000					
2	ASIAN TERMINALS INC	000-132-413-0000					
2	ASIAN TERMINALS INC	000-132-413-0000					
1	ASIAN TERMINALS INC	000-132-413-0000					
1	ASIAN TERMINALS INC	000-132-413-0000					
1	ASIAN TERMINALS INC	000-132-413-0000					
1	ASIAN TERMINALS INC	000-132-413-0000	4,534,068.53	WC011	15%	680,110.28	P-77
1	ASIAN TERMINALS INC	000-132-413-0000					
1	ASIAN TERMINALS INC	000-132-413-0000					
1	ASIAN TERMINALS INC	000-132-413-0000					
1	FAR SOUTHEAST GOLD RESOURCES, INC.	000-158-973-0000	8,327,613.47	WC010	15%	1,249,142.02	P-78
1	FCF MINERALS CORPORATION	238-154-069-0000	852,427.28	WC011	15%	127,864.09	P-79
1	FCF MINERALS CORPORATION	238-154-069-0000	987,452.49	WC011	15%	148,117.87	P-80
2	FCF MINERALS CORPORATION	238-154-069-0000	555,704.00	WC011	15%	83,355.60	P-81
2	FCF MINERALS CORPORATION	238-154-069-0000	23,940.00	WC011	15%	3,591.00	P-82
2	FCF MINERALS CORPORATION	238-154-069-0000	310,872.00	WC011	15%	46,630.80	P-83
3	FCF MINERALS CORPORATION	238-154-069-0000	389,160.83	WC011	15%	58,374.12	P-84
3	FCF MINERALS CORPORATION	238-154-069-0000	389,160.83		15%	58,374.12	
3	FCF MINERALS CORPORATION	238-154-069-0000	658,301.66		15%	98,745.25	
3	FCF MINERALS CORPORATION	238-154-069-0000	389,160.83	WC011	15%	58,374.12	P-85
3	FCF MINERALS CORPORATION	238-154-069-0000	229,847.28		15%	34,477.09	
1	FILINVEST LAND INC	000-553-224-0000	165,178.60	WC050	15%	24,776.79	P-86
4	FILINVEST LAND INC	000-553-224-0000	1,321,428.60	WC051	15%	198,214.29	P-87
3	FILINVEST LAND INC	000-553-224-0000	225,714.27	WC011	15%	33,857.14	P-88
3	FILINVEST LAND INC	000-553-224-0000	1,706,000.00	WC051	15%	255,900.00	P-89
3	FILINVEST LAND INC	000-553-224-0000	660,714.27	WC051	15%	99,107.14	P-90
2	FILINVEST LAND INC	000-553-224-0000	642,857.13	WC011	15%	96,428.57	P-91
2	FILINVEST LAND INC	000-553-224-0000	950,000.00	WC050	15%	142,500.00	P-92
2	FILINVEST LAND INC	000-553-224-0000	760,000.00	WC050	15%	114,000.00	P-93
2	FILINVEST LAND INC	000-553-224-0000	964,285.73	WC011	15%	144,642.86	P-94
1	FILINVEST LAND INC	000-553-224-0000	216,294.67	WC050	15%	32,444.20	P-95
2	FILINVEST LAND	000-553-224-0000		WC050	15%		P-96

	INC		330,357.13			49,553.57	
1	FILINVEST LAND INC	000-553-224-0000	330,357.13	WC050	15%	49,553.57	P-97
4	INTERNATIONAL CONTAINER TERMINAL SERVICES INC	000-323-228-0000	231,758.16	WC120	2%	4,635.16	P-98
4	INTERNATIONAL CONTAINER TERMINAL SERVICES INC	000-323-228-0000	2,941,062.66	WC120	2%	58,821.25	P-99
3	INTERNATIONAL CONTAINER TERMINAL SERVICES INC	000-323-228-0000	3,964,992.38	WC120	2%	79,299.85	P-100
3	INTERNATIONAL CONTAINER TERMINAL SERVICES INC	000-323-228-0000	96,296.21	WC120	2%	1,925.92	P-101
3	INTERNATIONAL CONTAINER TERMINAL SERVICES INC	000-323-228-0000	7,921,356.32	WC120	2%	158,427.13	P-102
2	INTERNATIONAL CONTAINER TERMINAL SERVICES INC	000-323-228-0000	14,325,684.02	WC120	2%	286,513.68	P-103
2	INTERNATIONAL CONTAINER TERMINAL SERVICES INC	000-323-228-0000					
2	INTERNATIONAL CONTAINER TERMINAL SERVICES INC	000-323-228-0000					
2	INTERNATIONAL CONTAINER TERMINAL SERVICES INC	000-323-228-0000					
1	INTERNATIONAL CONTAINER TERMINAL SERVICES INC	000-323-228-0000	641,633.12	WC120	2%	12,832.66	P-104
1	INTERNATIONAL CONTAINER TERMINAL SERVICES INC	000-323-228-0000	20,158,166.56	WC120	2%	403,163.33	P-105
1	INTERNATIONAL CONTAINER TERMINAL SERVICES INC	000-323-228-0000					
1	INTERNATIONAL CONTAINER TERMINAL SERVICES INC	000-323-228-0000					
3	INTERNATIONAL CONTAINER TERMINAL SERVICES INC	000-323-228-0000	418,683.00	WC120	2%	8,373.66	P-106
3	MANILA WATER COMPANY	005-038-428-0000	2,851,228.67	WC011	15%	427,684.30	P-107
3	MANILA WATER COMPANY	005-038-428-0000					
3	MANILA WATER COMPANY	005-038-428-0000					
3	MANILA WATER COMPANY	005-038-428-0000					
3	MANILA WATER COMPANY	005-038-428-0000					

2	MANILA WATER COMPANY	005-038-428-0000	956,292.26	WC011	15%	143,443.84	P-108
2	MANILA WATER COMPANY	005-038-428-0000					
1	MANILA WATER COMPANY	005-038-428-0000	12,235,364.07	WC011	15%	1,835,304.61	P-109
1	MANILA WATER COMPANY	005-038-428-0000					
1	MANILA WATER COMPANY	005-038-428-0000					
1	MANILA WATER COMPANY	005-038-428-0000					
1	MANILA WATER COMPANY	005-038-428-0000					
4	MAYNILAD WATER SERVICES INC	005-393-442-0000	815,507.53	WC011	15%	122,326.13	P-110
4	MAYNILAD WATER SERVICES INC	005-393-442-0000					
4	MAYNILAD WATER SERVICES INC	005-393-442-0000	993,981.33	WC011	15%	149,097.20	P-111
3	MAYNILAD WATER SERVICES INC	005-393-442-0000					
3	MAYNILAD WATER SERVICES INC	005-393-442-0000					
1	MAYNILAD WATER SERVICES INC	005-393-442-0000	2,664,480.00	WC011	15%	399,672.00	P-112
1	MAYNILAD WATER SERVICES INC	005-393-442-0000					
1	MAYNILAD WATER SERVICES INC	005-393-442-0000					
1	MAYNILAD WATER SERVICES INC	005-393-442-0000					
4	OCEANAGOLD PHILIPPINES INC	004-870-171-0000	571,900.00	WC011	15%	85,785.00	P-113
3	OCEANAGOLD PHILIPPINES INC	004-870-171-0000	345,231.00	WC120	2%	6,904.62	P-114
3	OCEANAGOLD PHILIPPINES INC	004-870-171-0000					
1	OCEANAGOLD PHILIPPINES INC	004-870-171-0000	1,802,138.05	WC120	2%	188,083.21	P-115
1	OCEANAGOLD PHILIPPINES INC	004-870-171-0000					
1	OCEANAGOLD PHILIPPINES INC	004-870-171-0000	1,013,603.00	WC011	15%		
4	ROCKWELL LAND CORPORATION	004-710-062-0000	265,178.50	WC160	2%	5,303.57	P-116
4	SAGITTARIUS MINES INC	002-914-398-0000	10,403,095.07	WC011	15%	1,560,464.26	P-117
4	SAGITTARIUS MINES INC	002-914-398-0000					
4	SAGITTARIUS MINES INC	002-914-398-0000					
4	SAGITTARIUS MINES INC	002-914-398-0000					
4	SAGITTARIUS MINES INC	002-914-398-0000					
4	SAGITTARIUS MINES INC	002-914-398-0000					
4	SAGITTARIUS MINES INC	002-914-398-0000					

4	SAGITTARIUS MINES INC	002-914-398-0000					
3	SAGITTARIUS MINES INC	002-914-398-0000	7,613,575.47	WC011	15%	1,142,036.32	P-118
3	SAGITTARIUS MINES INC	002-914-398-0000					
3	SAGITTARIUS MINES INC	002-914-398-0000					
2	SAGITTARIUS MINES INC	002-914-398-0000	10,943,345.87	WC011	15%	1,641,501.88	P-119
2	SAGITTARIUS MINES INC	002-914-398-0000					
2	SAGITTARIUS MINES INC	002-914-398-0000					
2	SAGITTARIUS MINES INC	002-914-398-0000					
2	SAGITTARIUS MINES INC	002-914-398-0000					
2	SAGITTARIUS MINES INC	002-914-398-0000					
2	SAGITTARIUS MINES INC	002-914-398-0000					
2	SAGITTARIUS MINES INC	002-914-398-0000					
1	SAGITTARIUS MINES INC	002-914-398-0000	7,418,535.09	WC011	15%	1,112,780.26	P-120
1	SAN MIGUEL CORPORATION	000-060-741-0000	582,330.00	WC011	15%	87,349.50	P-121
3	SHELL PHILIPPINES EXPLORATION B.V.	000-662-551-0000	9,656,298.18	WC160	2%	193,125.96	P-122
3	SHELL PHILIPPINES EXPLORATION B.V.	000-662-551-0000					
3	SHELL PHILIPPINES EXPLORATION B.V.	000-662-551-0000					
2	SHELL PHILIPPINES EXPLORATION B.V.	000-662-551-0000	2,179,852.03	WC160	2%	43,597.04	P-123
1	SILANGAN MINDANAO MINING CO.	000-283-731-0000	2,864,824.00	WC011	15%	429,723.60	P-124
4	SILANGAN MINDANAO MINING CO.	000-283-731-0000	1,432,412.00	WC011	15%	214,861.80	P-125
2	SILANGAN MINDANAO MINING CO.	000-283-731-0000	2,864,824.00	WC011	15%	429,723.60	P-126
2	ST. LUKE'S MEDICAL CENTER	003-058-089-0000	100,000.00	WC010	10%	10,000.00	P-127
3	ST. LUKE'S MEDICAL CENTER	003-058-089-0000	350,000.00	WC010	10%	35,000.00	P-128
1	STA. CLARA INTERNATIONAL CORPORATION	000-385-981-0000	2,130,000.00	WC050	15%	319,500.00	P-129
1	SURESTE PROPERTIES INC.	002-417-577-0000	565,900.00	WC051	15%	84,885.00	P-130
1	SURESTE PROPERTIES	002-417-577-0000					

	INC.						
4	SURESTE PROPERTIES INC.	002-417-577-0000	257,175.00	WC051	15%	38,576.25	P-131
4	TAGANITO MINING CORPORATION	000-145-459-0000	581,268.00	WC011	15%	87,190.20	P-132
3	TAGANITO MINING CORPORATION	000-145-459-0000	189,580.00	WC011	15%	28,437.00	P-133
2	TEAM ENERGY CORPORATION	001-726-870-0000	2,520,000.00	WC051	15%	378,000.00	P-134
2	TEAM ENERGY CORPORATION	001-726-870-0000	2,228,335.07	WC011	15%	334,250.26	P-135
2	TEAM ENERGY CORPORATION	001-726-870-0000					
2	TEAM ENERGY CORPORATION	001-726-870-0000					
1	TEAM ENERGY CORPORATION	001-726-870-0000	1,080,000.00	WC051	15%	162,000.00	P-136
1	TEAM ENERGY CORPORATION	001-726-870-0000	728,275.00	WC011	15%	109,241.25	P-137
3	TEAM ENERGY CORPORATION	001-726-870-0000	909,992.53	WC011	15%	136,498.88	P-138
3	TEAM ENERGY CORPORATION	001-726-870-0000					
4	TEAM SUAL CORPORATION	003-841-103-0000	2,190,924.40	WC051	15%	328,638.66	P-139
2	TEAM SUAL CORPORATION	003-841-103-0000	4,362,042.93	WC051	15%	654,306.44	P-140
3	TRANS AIRE DEVELOPMENT HOLDINGS CORPORATION	237-463-097-0000	4,247,930.05	WC120	2%	84,958.60	P-141
4	TRANS AIRE DEVELOPMENT HOLDINGS CORPORATION	237-463-097-0000	1,213,694.30	WC120	2%	24,273.89	P-142
			205,421,696.30			**20,408,534.47**	
	Less: TOTAL per ITR[57] and SAWT					**20,532,439.00**	
	Without Proper Creditable Withholding Tax Certificates (BIR Form No. 2307)					**(123,904.53)**	

However, the Court noted that BIR Form No. 2307 marked as Exhibit P-78, representing CWT amounting to ₱1,249,142.02, is not legible, hence, should be disallowed. Consequently, petitioner complied with the second requisite, but only to the extent of ₱19,159,392.45 (₱20,408,534.47 less ₱1,249,142.02).

[57] Exhibit "P-5", docket, vol. 2, p. 571.

In relation to the third condition, *viz.*, that the return of the recipient must show that the income payment received was declared as part of its gross income, the ICPA performed the following indicated in his Report:

> I traced the income payments in the Company's books of accounts, i.e. Tax Recovery General Ledger account (*Exhibit* '**P-283**') and Project Status Report (PSR) Books of Account for 2013 and 2012 and Reimbursements Ledger (*Exhibits* '**P-508**', '**P-509**' and '**P-510**', respectively), and audited financial statements for 2013 and 2012 (*Exhibits* '**P- 144**' and '**P-145**' respectively) and ascertained that the income payments as well as the creditable withholding tax were properly reported therein.
>
> In order to ultimately trace the income payments from the Certificates of Tax Withheld to Company's Audited Financial Statements and Income Tax Returns, it is necessary to consider the method of income recognition of the Company.
>
> Please note that the Company recognizes income based on the percentage of completion method as stated in page 9, note 1 of the Notes to Financial Statements. Under this method, income is generally recognized based on the services performed to date as a percentage of the total services to be performed. Hence, income is booked as follows:

Account/Particulars	**Debit**	**Credit**
Work in Progress (WIP)	xxxx	
Revenue		xxxx

> Accordingly, clients are billed (invoiced) based on milestones indicated in the construction agreement (Project Contracts). Thus, there is a timing difference between revenue recognition and billing. The billing (invoice) is generally booked as:

Account/Particulars	**Debit**	**Credit**
Accounts Receivable	xxxx	
Work in Progress		xxxx

When the receivables are collected, the collection is generally booked as:

Account/Particulars	Debit	Credit
Cash	xxxx	
VAT Deferred	xxxx	
Tax Recovery (Creditable Withholding Tax)	xxxx	
Accounts Receivable		xxxx
VAT Output		xxxx

In view of the above-described method by the Company, after ascertaining that the income payments from the Certificate of Tax Withheld (BIR Form No. 2307) are properly supported by Official Receipts, I traced the same to the 2013 and 2012 Work in Progress Account or Revenue Account and Reimbursements Ledger (*Exhibits* '**P-508**', '**P-509**', '**P-510**'). The results of procedures are noted in *Annex* '**F**'.

The Company also provided the invoices (*Exhibits* '**P-284**' to '**P-473**') and project contracts (*Exhibits* '**P-474**' to '**P-507**') in relation to income payments received in FY 2013. I traced the Official Receipts to the invoices available. Thereafter, I traced the invoices to the project contracts. The results of procedures are noted in *Annex* '**E**'.

As mentioned earlier, each invoice is traceable to a project contract, and the Work In Progress and Revenue Books of Accounts of the Company known as the Project Status Report (PSR) of FY 2013 and 2012 and Reimbursement Ledger. The results of this procedure is noted in *Annex* '**F**'.

The variance noted in *Annex* '**F**' is due to the forex gain and forex loss on some of the accounts paid for in foreign currency since the time of recording of the income is at the time when the services were performed and the collections were booked at the time of collection. While, the other variance reported is due to rounding off and minimal discrepancy/ies which would not affect the overall presentation of the financial statements."

Guided by the foregoing, to ascertain whether the income corresponding to the excess CWTs being claimed were reported in the year of claim, the Court must trace the income payments from the CWT certificates to the related Official Receipts and Invoices and the recording thereof to the Tax Recovery General Ledger (Creditable Withholding Tax Ledger) to Accounts Receivable and Work in Progress Account or Revenue Account and Reimbursements Ledger (*Exhibits* "P-508", "P-509", and "P-510").

Using Annex "F" of the ICPA Report, the Court attempted to trace each CWT to the alleged recording in petitioner's books. However, the tracing proved futile as the scanned copies of the supporting ledgers (*i.e.*, Exhibits "P-283" and "P-508" to "P-510") were hardly readable. Moreover, the Court was unable to verify whether the total income recorded per petitioner's books tallies with that reflected in its 2013 ITR. Hence, petitioner failed to prove that the income upon which the taxes were withheld were included in the return of the recipient.

In sum, since petitioner failed to prove that it had prior years excess credits, there are no excess CWTs for FY 2013 which may be the subject of a claim for refund under Section 76 of the NIRC of 1997, as amended. Moreover, even assuming *arguendo* that petitioner had enough prior year's excess CWTs and has excess and unutilized CWTs for FY 2013, it failed to prove that the income upon which the taxes were withheld were included in the return of the recipient. In other words, petitioner failed to prove its entitlement to a refund of its alleged excess and unutilized creditable income taxes withheld for FY 2013.

On a final note, a tax refund claimant has the burden of proving the factual basis of his or her refund claim. This is because tax refunds are in the nature of tax exemptions, the statutes of which are construed *strictissimi juris* against the taxpayer and liberally in favor of the taxing authority. Taxes are the lifeblood of the nation, therefore statutes that allow exemptions are construed strictly against the grantee and liberally in favor of the government.[58]

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[58] *Philippine Phosphate Fertilizer Corporation v. Commissioner of Internal Revenue*, G.R. No. 141973, June 28, 2005.

WHEREFORE, the instant Petition for Review filed by petitioner Aecom Philippines, Inc. on January 14, 2016, is hereby **DENIED,** for lack of merit.

SO ORDERED.

ESPERANZA R. FABON-VICTORINO
Associate Justice

I Concur:

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

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.

ESPERANZA R. FABON-VICTORINO
Associate Justice
Acting Chairperson

CERTIFICATION

Pursuant to Section 13 of Article VIII of the Constitution, and the Division Acting 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's Division.

ROMAN G. DEL ROSARIO
Presiding Justice