REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

COMMISSIONER OF INTERNAL REVENUE, *Petitioner,*	**CTA EB NO. 2971** (CTA Case No. 10381)
	Present:
- versus -	**RINGPIS-LIBAN,** *P.J.,* **BACORRO-VILLENA, MODESTO-SAN PEDRO, REYES-FAJARDO, CUI-DAVID, FERRER-FLORES,** *and* **ANGELES,** *JJ.*
MANULIFE DATA SERVICES, INC., *Respondent.*	Promulgated: MAR 02 2026 2:40pm

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DECISION

ANGELES, J.:

Before this Court of Tax Appeals (CTA) *En Banc* (Court *En Banc*) is a *Petition for Review*[1] filed on August 16, 2024, pursuant to Section 4(b), Rule 8 of the Revised Rules of the Court of Tax Appeals, as amended,[2] (RRCTA). Petitioner seeks the reversal and setting aside of the ***Decision*** dated April 11, 2024[3] (assailed Decision) and the

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[1] *En Banc* (EB) Docket, pp. 1 to 16.

[2] Revised Rules of the Court of Tax Appeals (RRCTA), Section 4(b) provides:

SECTION 4. *Where to appeal; mode of appeal.* —

x x x

(b) An appeal from a decision or resolution of the Court in Division on a motion for reconsideration or new trial shall be taken to the Court by petition for review as provided in Rule 43 of the Rules of Court. The Court *en banc* shall act on appeal. *(n)*

[3] EB Docket, pp. 24 to 42. The Decision was penned by Associate Justice Maria Rowena Modesto-San Pedro, and concurred in by Associate Justice Ma. Belen M. Ringpis-Liban and Associate Justice Corazon G. Ferrer-Flores.

Resolution dated July 19, 2024[4] (assailed Resolution), both promulgated by the Special Third Division of this Court (Court in Division) in CTA Case No. 10381, the dispositive portions of which respectively read:

Decision dated April 11, 2024:

"**ACCORDINGLY**, the instant Petition for Review is hereby **PARTIALLY GRANTED**. Respondent is **ORDERED** to refund or issue a tax credit certificate of **Php73,710,442.20** to petitioner.

SO ORDERED."

Resolution dated July 19, 2024:

"**ACCORDINGLY**, respondent's *Motion for Partial Reconsideration (Re: Decision promulgated 11 April 2024)* is hereby **DENIED** for lack of merit. The Decision, dated April 11, 2024, is hereby **AFFIRMED**.

SO ORDERED."

THE PARTIES

Petitioner is the duly appointed Commissioner of Internal Revenue (CIR) empowered to perform the duties of the said office, including, among others, the power to decide, approve, and grant claims for refund or tax credit of erroneously paid or overpaid taxes, as provided by law, particularly the National Internal Revenue Code, as amended (NIRC). He holds office at the BIR National Office Building, BIR Road, Diliman, Quezon City.[5]

Respondent is duly licensed by the Securities and Exchange Commission (SEC) to operate as a regional operating headquarters (ROHQ) under SEC Certificate of Registration and License No. FS200603505, issued on March 03, 2006. As an ROHQ, petitioner is allowed to render qualifying services to its affiliates and related parties in the Asia-Pacific region and in other foreign markets. It is registered with the Bureau of Internal Revenue (BIR) as a value-added tax (VAT) entity under Certificate of Registration OCN 8RC0000525020.[6]

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[4] *Id.* at 44 to 46. The Resolution was penned by Associate Justice Maria Rowena A. Modesto-San Pedro, and concurred in by Associate Justice Ma. Belen M. Ringpis-Liban and Associate Justice Corazon G. Ferrer-Flores.
[5] *Id.* at 25.
[6] *Id.* at 24 to 25.

FACTS OF THE CASE

The facts of the present case were set forth by the Court in Division in the assailed Decision, as follows:[7]

> As provided above, [respondent] is an ROHQ. It is registered as a VAT taxpayer with the BIR under Certificate of Registration OCN 8RC0000525020.
>
> During CY 2018, [respondent] generated both VAT zero-rated sales and VATable sales as shown in its schedules of zero-rated sales and VATable sales and its quarterly VAT returns.
>
> On July 14, 2020, [respondent] filed its administrative claim for VAT refund for CY 2018 before the BIR's VAT Credit Audit Division (VCAD). After initially receiving the application, the VCAD, through revenue officer (RO) Jovelyn Borromeo, repudiated the receipt of the VAT refund application and required [respondent] to retrieve its entire filing on the verbal notice that certain documents allegedly did not conform to Revenue Memorandum Circular (RMC) No. 47-2019, to wit:
>
> a. The deduction of the claim from the available input VAT was indicated in a monthly VAT declaration, not in a quarterly VAT return; and
>
> b. The bank statements submitted as proof of the inward remittances were not certified by an officer of the issuing bank.
>
> On July 30, 2020, [respondent] sent a Letter, dated July 29, 2020, to the CIR, questioning the actions of RO Borromeo and requesting that the CIR confirm the receipt of the administrative claim on July 14, 2020.
>
> On September 23, 2020, [respondent] received a Letter, dated August 27, 2020, which effectively affirmed RO Borromeo's actions. The CIR further noted that [respondent]'s VAT refund claim was deemed not filed for failure to comply with RMC No. 47-2019.
>
> [Respondent] considered the August 17, 2020 Letter as a denial of its administrative VAT refund claim. Thus, on October 22, 2020, [respondent] filed the instant Petition.
>
> Summons [was] issued to [petitioner], who filed his Answer on November 26, 2020.
>
> On December 4, 2020, a Notice of Pre-Trial Conference was issued. [Petitioner] filed his Pre-Trial Brief on December 15, 2020, while [respondent] filed its Pre-Trial Brief on February 03, 2021.

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[7] *Id.* at 25 to 28; citations omitted.

On December 18, 2020, [petitioner] filed a Motion for Early Resolution on the Issue of Jurisdiction of the Honorable Court, alleging that this Court has no jurisdiction to entertain the present claim for VAT refund since no administrative claim was properly filed before [petitioner]. [Respondent] then filed a Comment (Re: "Motion for Early Resolution . . ." dated 18 December 2020) on January 08, 2021 counter-arguing that it (a) properly filed an administrative claim for VAT refund before [petitioner]; and (b) that the issue of whether or not the supporting documents submitted in support of a VAT refund claim is complete is an issue that decides whether a VAT refund application is granted, not whether such VAT refund claim is filed. In a Resolution, dated January 27, 2021, the Court denied [petitioner]'s Motion considering that there are still factual issues that needs to be tackled through full blown proceedings.

The Pre-Trial Conference ensued on February 10, 2021.

On March 09, 2021, [respondent] filed a Motion (To Commission Independent CPA) and the Judicial Affidavit of its Independent Certified Public Accountant (ICPA), Mr. Michael L. Aguirre, showing his qualifications to act as an ICPA for the case at bar. During the hearing, conducted on June 16, 2021, Mr. Aguirre was commissioned by this Court to act as the ICPA for the instant case and required him to submit an ICPA Report summarizing his findings.

Meanwhile, during the hearing conducted on March 22, 2021, [respondent]'s witnesses, Inigo P. Garcia and Clarissa L. Magrarao, whose Judicial Affidavits were appended to the Petition, testified and were cross-examined by [petitioner]'s counsels and by this Court.

On same date, the parties filed a Joint Stipulation of Facts and Issues.

A Pre-Trial Order was then issued by this Court on May 24, 2021.

[Petitioner] submitted the Judicial Affidavit of its lone witness, RO Borromeo, on May 26, 2021.

On September 7, 2021, Mr. Aguirre submitted his ICPA Report summarizing his findings for the instant judicial claim for VAT refund. [Respondent] then submitted the Judicial Affidavit of Mr. Aguirre in relation to said Report on October 6, 2021. [Respondent] then presented Mr. Aguirre through a video conference.

[Respondent] filed its Formal Offer of Evidence on November 17, 2021, to which [petitioner] interposed no objections. This Court admitted all of [respondent]'s Exhibits.

During the Hearing conducted on March 30, 2022, [petitioner] presented his lone witness, RO Borromeo. He then made an oral offer of evidence which [respondent] interposed no objection to. Thus, all of [petitioner]'s Exhibits were admitted in evidence.

[Respondent] filed its Memorandum on March 09, 2023, while [petitioner] filed his Memorandum on March 10, 2023. Thus, in a Resolution, dated April 11, 2023, the instant case was submitted for Decision.

On April 11, 2024, the Court in Division rendered the assailed Decision,[8] partially granting the *Petition for Review*.

Aggrieved, respondent filed a *Motion for Partial Reconsideration (Re: Decision promulgated 11 April 2024)*[9] on April 29, 2024. The Court in Division, however, denied the *Motion* for lack of merit in the assailed Resolution.

Subsequently, on August 16, 2024, petitioner instituted the instant *Petition for Review*.[10]

In a Resolution dated October 15, 2024,[11] this Court directed respondent to file a comment on the *Petition for Review* within ten (10) days from notice.

On November 05, 2024, respondent filed its *Comment (Re: Petition dated August 15, 2024)*[12] (*Comment*).

Thereafter, in a Resolution dated December 09, 2024,[13] the Court ordered respondent to electronically file its *Comment* within twenty-four (24) hours from notice, in accordance with CTA *En Banc* Resolution No. 8-2024.

Complying therewith, respondent electronically submitted its *Comment* on December 12, 2024, which the Court noted in its Resolution dated January 08, 2025.[14] In the same Resolution, the case was deemed submitted for decision.

ASSIGNMENT OF ERROR

Petitioner submits the following sole assignment of error[15] for the resolution of the Court *En Banc*:

> WHETHER OR NOT THE SPECIAL THIRD DIVISION OF THE HONORABLE COURT ERRED IN PARTIALLY GRANTING RESPONDENT'S CLAIM OF REFUND REPRESENTING

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[8] *Id.* at 24 to 42; Division Docket – Vol. V, pp. 2391 to 2409.
[9] Division Docket – Vol. V, pp. 2410 to 2424.
[10] EB Docket, pp. 1 to 16.
[11] *Id.* at 47.
[12] *Id.* at 48 to 56.
[13] *Id.*, unpaginated.
[14] *Id.*, unpaginated.
[15] *Id.* at 3.

ALLEGED EXCESS AND UNUTILIZED CREDITABLE INPUT VAT FOR THE CALENDAR YEAR 2018 IN THE AMOUNT IF P73,710,442.20.

ARGUMENTS OF THE PARTIES

Petitioner's arguments

First, petitioner asserts that the Court in Division does not have jurisdiction over the present case. He claims that RO Borromeo of the VCAD repudiated the receipt of respondent's VAT refund application by requiring the respondent to retrieve its entire submission, upon verbal notice that certain documents allegedly failed to comply with the requirements of RMC No. 47-2019. On this premise, petitioner insists that no valid administrative claim for refund was ever filed, and that respondent therefore had no basis to seek judicial recourse before the CTA.

Second, petitioner argues, *arguendo* and without conceding jurisdiction, that respondent is nonetheless not entitled to the refund claim. He contends that, since the Court in Division treated the Letter dated August 17, 2020 as a denial of respondent's VAT refund claim, the Court ceased to act as a court of first instance and assumed the role of an appellate tribunal. Consequently, its review should have been strictly confined to the documentary evidence submitted at the administrative level, pursuant to the doctrine enunciated in *Pilipinas Total Gas v. Commissioner of Internal Revenue*[16] (*Pilipinas Total Gas*).

Moreover, petitioner maintains that respondent failed to fully substantiate, through competent documentary evidence, the services it allegedly rendered to its foreign affiliates. In particular, respondent purportedly did not adduce sufficient proof that the affiliates to whom the services were rendered are not doing business in the Philippines.

Finally, petitioner underscores that the burden of proof rests upon the respondent-claimant to establish the factual and legal bases of its claim for tax credit or refund. Jurisprudence is settled that claims for tax refunds, akin to tax exemptions, are construed *strictissimi juris* against the taxpayer-claimant and cannot be granted absent clear and convincing proof.

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[16] G.R. No. 207112, December 08, 2015 [Per J. Mendoza, *En Banc*].

Respondent's counter-arguments

First, respondent, for its part, counters that the Court in Division validly acquired jurisdiction over the case. Section 112(C) of the NIRC of 1997, as amended, vests in the petitioner CIR the authority only to grant or deny, in whole or in part, an application for refund. No provision of law confers upon the petitioner the power to outrightly refuse or repudiate the filing of such application. To sustain such a position would effectively clothe the petitioner with "unbridled power to indefinitely delay" administrative action, and, in turn, thwart the taxpayer-claimant's right to seek timely judicial recourse.

Second, respondent posits that the jurisdiction of the Court in Division is not constrained by the determinations of the petitioner. The CTA may properly examine and weigh all evidence formally offered by the taxpayer-claimant, irrespective of whether such evidence was previously submitted at the administrative stage.

RULING OF THE COURT *EN BANC*

The *Petition for Review* is devoid of merit.

The Court En Banc has jurisdiction over the instant Petition.

Before delving into the merits, the Court *En Banc* shall first determine whether it is properly vested with jurisdiction over the present *Petition*.

Section 2(a)(1), Rule 4 of the RRCTA provides in part:

> SEC. 2. *Cases within the jurisdiction of the Court en banc.* – The Court *en banc* shall exercise exclusive appellate jurisdiction to review by appeal the following:
>
> (a) Decisions or resolutions on motion for reconsideration or new trial of the **Court in Division** in the exercise of its exclusive appellate jurisdiction over:
>
> (1) Cases arising from administrative agencies – **Bureau of Internal Revenue**, Bureau of Customs, Department of Finance, Department of Trade and Industry, Department of Agriculture; x x x (Emphasis supplied)

The instant *Petition* seeks the review of the assailed Decision and Resolution of the Court in Division in CTA Case No. 10381, which partially granted respondent's *Petition for Review*,[17] and subsequently, denied petitioner's *Motion for Partial Reconsideration (Re: Decision promulgated 11 April 2024)*[18] for lack of merit. Accordingly, appellate jurisdiction over the subject matter properly lies with the Court *En Banc.*

Moreover, the *Petition* was filed in accordance with Section 3(b), Rule 8 of the RRCTA, which states:

> Sec. 3. *Who may appeal; period to file petition.* — x x x
>
> (b) A party adversely affected by a decision or resolution of a Division of the Court on a motion for reconsideration or new trial may appeal to the Court by filing before it a petition for review **within fifteen days** from receipt of a copy of the questioned decision or resolution. Upon proper motion and the payment of the full amount of the docket and other lawful fees and deposit for costs before the expiration of the reglementary period herein fixed, the Court may grant an additional period not exceeding fifteen days from the expiration of the original period within which to file the petition for review. *(Rules of Court, Rule 42, sec. 1a)* (Emphasis supplied)

The records reveal that the petitioner and the Office of the Solicitor General received a copy of the assailed Resolution on August 02,[19] and August 07, 2024,[20] respectively.

The instant *Petition for Review*,[21] having been filed on August 16, 2024, was thus lodged within the reglementary period. Consequently, jurisdiction is properly vested in the Court *En Banc.*

Having thus settled the matter of jurisdiction, the Court now proceeds to resolve whether the Court in Division erred in dismissing the case for lack of jurisdiction.

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[17] Division Docket – Vol. I, pp. 6 to 20.
[18] Division Docket – Vol. V, pp. 2410 to 2424.
[19] *Id.* at 2443.
[20] *Ibid.*
[21] EB Docket, pp. 1 to 16.

The Court in Division properly took cognizance of the judicial claim for refund.

The present refund claim is governed by Section 112(A) and (C) of the NIRC of 1997, as amended by Republic Act No. 10963, otherwise known as the *Tax Reform for Acceleration and Inclusion* (TRAIN) Law[22] (NIRC of 1997, as amended), which provides:

> SEC. 112. Refunds or Tax Credits of Input Tax. —
>
> (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 of 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.
>
> (B) x x x
>
> (C) Period within which Refund or Tax Credit of Input Taxes shall be Made. — In proper cases, **the Commissioner shall grant a refund for creditable input taxes within ninety (90) days <u>from the date of submission of the official receipts or invoices and other documents</u> 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.
>
> **In case of full or partial denial of the claim for tax refund, <u>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</u>**: Provided, however, That failure on the part of any official, agent, or employee of the BIR to act on the application within ninety (90) days period shall be

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[22] December 19, 2017.

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> punishable under Section 269 of this Code. (Emphasis and underscoring supplied)

The material facts are undisputed.

On July 14, 2020, the respondent lodged its administrative claim for VAT refund for CY 2018 with the BIR, which was duly received and forwarded to the VCAD. Notwithstanding such receipt, the application was subsequently returned upon the verbal directive of RO Borromeo on the ground of alleged non-compliance with RMC No. 47-2019. Respondent promptly sought clarification, and requested that its application be formally evaluated and resolved by petitioner CIR. In a Letter dated August 27, 2020, the petitioner sustained the return of the application and categorically declared that the refund claim was deemed not filed.

Petitioner now insists that, absent a valid administrative claim, no judicial recourse could lie.

The argument fails.

In *Pilipinas Total Gas*, the Supreme Court squarely held that the reckoning of the period within which the CIR must act on a claim for refund is, in the first instance, determined by the taxpayer-applicant's declaration as to the completeness of the supporting documents submitted. It is this determination that triggers and sustains the running of the statutory period for administrative review. The subsequent inquiry into whether such documents are, in fact, complete and compliant with law is a matter entrusted to the CIR, and, ultimately, to the courts. Thus:

> With the amendments only with respect to its place under Section 112, the Court finds that RMC No. 49-2003 should still be observed. Thus, taking the foregoing changes to the law altogether, it becomes apparent that, for purposes of determining ***when*** the supporting documents have been completed — *it is the taxpayer who ultimately determines when complete documents have been submitted for the purpose of commencing and continuing the running of the 120-day period.* After all, he may have already completed the necessary documents the moment he filed his administrative claim, in which case, the 120-day period is reckoned from the date of filing. The taxpayer may have also filed the complete documents on the 30th day from filing of his application, pursuant to RMC No. 49-2003. He may very well have filed his supporting documents on the first day he was notified by the BIR of the lack of the necessary documents. In such cases, the 120-day period is computed from the date the taxpayer is able to submit the complete documents in support of his application.

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> Then, except in those instances where the BIR would require additional documents in order to fully appreciate a claim for tax credit or refund, in terms ***what*** additional document must be presented in support of a claim for tax credit or refund — it is the taxpayer who has that right and the burden of providing any and all documents that would support his claim for tax credit or refund. After all, in a claim for tax credit or refund, it is the taxpayer who has the burden to prove his cause of action. As such, he enjoys relative freedom to submit such evidence to prove his claim.
>
> The foregoing conclusion is but a logical consequence of the due process guarantee under the Constitution. Corollary to the guarantee that one be afforded the opportunity to be heard, it goes without saying that the applicant should be allowed reasonable freedom as to when and how to present his claim within the allowable period.
>
> **Thereafter, whether these documents are *actually* complete as required by law — is for the CIR and the courts to determine.** Besides, as between a taxpayer-applicant, who seeks the refund of his creditable input tax and the CIR, it cannot be denied that the former has greater interest in ensuring that the complete set of documentary evidence is provided for proper evaluation of the State.

The doctrine that the taxpayer-applicant has the primary prerogative to determine the completeness of the documents submitted in support of a refund claim has been reaffirmed in *Commissioner of Internal Revenue v. CE Casecnan Water and Energy Co., Inc.*[23] Without this safeguard, the taxpayer-applicant would be placed entirely at the mercy of the BIR, and the statutory period for seeking judicial recourse before the CTA would be rendered illusory, *viz.*:

> The interpretation of what constitutes "complete documents" under Sec. 112 (C) of the Tax Code has been clearly laid down in the cases of *Team Sual Corporation (formerly Mirant Sual Corporation) v. Commissioner of Internal Revenue* and *Commissioner of Internal Revenue v. Team Sual Corporation (formerly Mirant Sual Corporation).* The CTA cited the case of *Commissioner of Internal Revenue v. First Express Pawnshop Company, Inc.*, where the Court discussed that the term "relevant supporting documents" should be understood as "those documents necessary to support the legal basis in disputing a tax assessment as determined by the taxpayer." **The BIR can only inform the taxpayer to submit additional documents; it cannot dictate what type of supporting documents should be submitted. Otherwise, a taxpayer will be at the mercy of the BIR, which may require the production of documents that a taxpayer cannot submit.**
>
> The CTA applied this interpretation to the term "complete documents" under Sec. 112 (C) of the Tax Code and held that should

[23] G.R. No. 212727, February 01, 2023 [Per J. Hernando, First Division].

> the taxpayer decide to submit only certain documents, or should the taxpayer fail or opt not to submit any document at all in support of its application for refund or tax credit certificate under Sec. 112 of the Tax Code, it is reasonable and logical to conclude that the 120-day period should be reckoned from the filing of the application. The CTA concluded that the submission of supporting documents lies within the sound discretion of the taxpayer. As the affected party, the taxpayer is in best position to determine which documents are necessary and essential to garnering a favorable decision. The CTA further held that a taxpayer's noncompliance with the submission of documentary requirements prescribed under RMO 53-98 does not render the refund claim premature as long as the taxpayer filed its judicial claim for refund within the 120 + 30-day period under Sec. 112 (C) of the Tax Code, reckoned from the filing of its application for refund with the BIR.
>
> We agree. The completeness of the documents to support a claim for refund under Sec. 112 (C) of the Tax Code should be determined by the taxpayer, and not by the BIR. **Echoing the CTA, should the taxpayer decide to submit only certain documents, or should the taxpayer fail, or opted not to submit any document at all, in support of its application for refund under Sec. 112 (C) of Tax Code, the 120-day period should be reckoned from the filing of the said application. Otherwise, taxpayers will be at the mercy of the BIR and the period within which they can elevate their case to the CTA will never run, to their extreme prejudice**. (Emphases supplied; citations omitted)

This principle continues to hold true even under the TRAIN Law and RMC No. 47-2019, which governs the instant case. In *Commissioner of Internal Revenue v. Dohle Shipmanagement Philippines Corp.*,[24] the Supreme Court had the occasion to expound on the guidelines governing the reckoning of the processing periods for VAT refund applications filed during the effectivity of RMC No. 47-2019, that is, for claims filed on or after January 01, 2018, to wit:

> Section 112 (C) of the 1997 Tax Code was thereafter amended by Republic Act No. 10963 (TRAIN Law), which took effect on January 1, 2018. The TRAIN Law shortened the 120-day period for the CIR to process administrative claims for VAT refund to 90 days. The amendatory provision further states that 90-day processing period commences to run only upon the taxpayer's submission of supporting documents, official receipts, or invoices. The BIR, under pain of criminal and/or administrative penalty, is mandated to act and decide on administrative claim for refund within the 90-day period. All these were reiterated in Revenue Regulations No. 13-2018, as amended by Revenue Regulations No. 26-2018, the implementing rules and regulations of the TRAIN Law.
>
> In addition, the BIR issued RMC 47-2019 providing for uniform guidelines and revised mandatory documentary requirements in the

[24] G.R. No. 246379, August 19, 2024 [Per J. Caguioa, Third Division].

processing and grant of VAT refund claims under Section 112 of the Tax Code of 1997, as amended. **The Circular reminded taxpayers that the application for VAT refund must be accompanied by complete supporting documents because no additional documents will be requested from the taxpayer upon filing of the application.** Applications for VAT refund without or with insufficient documentary requirements shall not be accepted or will be outrightly disallowed.

Pertinent portions of RMC 47-2019 reads:

I. GENERAL POLICIES

1. Pursuant to Section 2 of Revenue Regulations (RR) No. 26-2018, which amended Sections 4.106-5, 4.108-5, 4.112-1 and 13 of RR No. 13-2018, the time frame to process and grant claims for VAT refund is 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 Sections 112 (A) and (B) of the Tax Code of 1997, as amended, up to the release of the payment for the approved amount of the refund.

xxx xxx xxx

3. Subject to the provisions of Sec. 4.112-1(b) of RR No. 13-2018, the filing of the claim for VAT refund of a VAT-registered person whose registration has been cancelled due to retirement from or cessation of business, or due to changes in or cessation of status under Section 106(C) of the Tax Code shall be at the Bureau of Internal Revenue (BIR) office which has jurisdiction over the taxpayer, within two (2) years from the date of issuance of the tax clearance by the BIR.

xxx xxx xxx

5. *The taxpayer-claimant shall ensure the completeness and authenticity of the documentary requirements upon filing of the application for VAT refund. Failure on the part of the taxpayer-claimant to submit the complete documents in support of the claim shall result in non-acceptance of the applications. Due to the very limited time for processing the VAT refunds, no additional document/s shall be subsequently requested/required from the taxpayer-claimant. Any unsupported claim shall be outrightly disallowed, resulting in full/partial denial of the claim.* (Emphasis supplied)

To summarize, the 120-day processing period applies to administrative claims for VAT refund filed prior to January 1, 2018. For VAT refund claims filed beginning January 1, 2018, the 90-day processing period under the TRAIN Law applies.

> In determining the reckoning of the processing periods, the following rules shall be observed:
>
> x x x
>
> C. For administrative claims for VAT refund filed ***beginning January 1, 2018:***
>
> 1. The filing of the administrative claim with supporting documents must be done within two years from the close of the taxable quarter pursuant to Section 112 (A) of the 1997 Tax Code or issuance of tax clearance by the BIR in case of cancellation of registration or cessation of business under Section 106 (C) of the Tax Code.
>
> 2. The 90-day processing period is reckoned from the submission of the official receipts or invoices and other documents in support of the application for VAT refund.
>
> 3. **Pursuant to RMC 47-2019, once an administrative claim for VAT refund is filed and duly received by the BIR, no additional document/s shall be subsequently requested/required from the taxpayer.** Failure on the part of the taxpayer-claimant to submit the complete documents in support of the claim shall result in non-acceptance of the applications. Any unsupported claim shall be outrightly disallowed, resulting in full/partial denial of the claim. (Emphases and underscoring supplied; citations omitted)

From the foregoing, it is worth noting that the Supreme Court has held that, under RMC No. 47-2019, once an application for VAT refund has been **filed and duly received** by the BIR, no further documents may thereafter be requested or required from the taxpayer-applicant. Receipt by the BIR is, therefore, conclusive for purposes of the filing, and from that moment, the taxpayer is no longer obliged to submit additional documents. This rule is particularly significant in light of the reduced processing period for VAT refund claims (shortened from one hundred twenty (120) days to ninety (90) days under the TRAIN Law), and is reinforced by the imposition of criminal and/or administrative penalties on any officer who fails to act within the prescribed period.

The significance of the term **"receipt"** under RMC No. 47-2019 becomes especially apparent when viewed in contrast with RMC No. 49-2003, which specifically requires the complete submission of the taxpayer-applicant's documents in support of the application for it to be deemed **"officially received"** by the respective investigating or processing office of the BIR.[25]

[25] *See Pilipinas Total Gas, Inc. v Commissioner of Internal Revenue*, G.R. No. 207112, December 08, 2015 [Per J. Mendoza, *En Banc*]; Revenue Memorandum Circular No. 49-2003, August 15, 2003.

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Here, it is beyond dispute that respondent's administrative claim for refund was filed and duly received by the BIR on July 14, 2020, as expressly admitted by petitioner's sole witness, RO Jovelyn Borromeo, who testified:

> 4. Q: How come you know the petitioner?
>
> A: On 14 July 2020, petitioner filed its application for refund/tax credit of alleged excess and unutilized input VAT for calendar year 2018 with respondent through the centralized receiving center and forwarded to VCAD for checklisting.[26]

Respondent's witness, Ms. Clarissa L. Magarao, likewise testified and categorically affirmed that the petitioner's application for refund was duly received by the BIR, to wit:

> 33. Q: I am showing you a letter captioned "Manulife Data Services Inc. Application for Refund/Tax Credit of Excess and Unutilized Input Value-Added Tax for the 1st to 4th quarters of Calendar year 31 December 2018" dated 10 July 2020, which has been pre-marked as **Exhibit P-11-a**. What relation does this document have to the administrative claim for refund you mentioned?
>
> A: This is the same letter which embodies MDSI's administrative claim for refund for 2018.
>
> x x x
>
> 36 Q: Ms. Witness, do you know when this administrative claim was received by the BIR?
>
> A: It was received by the BIR on 14 July 2020.
>
> 37 Q: We noticed that the letter-application was not stamped received by the BIR. How then do you know that it was received on 14 July 2020?
>
> A: We have an acknowledgment receipt which shows that the BIR received it on that date.
>
> 38 Q: If shown, would you able to identify this acknowledgment receipt?
>
> A: Yes.
>
> 39 Q: I am showing you a one-page document captioned *"Acknowledgment Receipt"* dated 14 July 2020 and stamped received by the BIR ODCIR-Operations Group

[26] Division Docket – Vol. IV, *Judicial Affidavit (of Jovelyn Borromeo)* dated March 18, 2021, Exhibit "R-4," p. 1853.

on 14 July 2020, which has been pre-marked as **Exhibit "P-13"**. How does this relate to the acknowledgment receipt you mentioned?

A: This is the same acknowledgment receipt.[27]

It bears emphasis that respondent's refund application dated July 10, 2020 expressly included, among its attached documents, a "Notarized Sworn Certificate as to the completeness and authenticity of the supporting documents dated 10 July 2020 and executed by Mr. Inigo P. Garcia."[28] This requirement, imposed by the BIR precisely to prevent delays in the processing of refund claims, was fully complied with by respondent. RMC No. 47-2019 pertinently provides:

> 6. **The taxpayer-claimant shall attach a <u>notarized sworn certification</u>** (Annex "B") **attesting to the completeness of the documents submitted. Accordingly, the claim/s shall be processed based on the documents submitted.** The books of accounts and accounting records shall be presented by the taxpayer-claimant upon written request of the assigned ROs. Failure to present the books of accounts and accounting records relevant to the claim/s shall be a ground for denial of the claims. (Emphasis and underscoring supplied)

Verily, such submission constitutes a clear and unequivocal manifestation that, at the time of filing, respondent had already declared the completeness of the supporting documents for its claim for VAT refund.

However, notwithstanding respondent's submission and the express proscription under RMC No. 47-2019 against any subsequent request for additional documents, RO Borromeo nevertheless returned the refund application together with its supporting papers, and verbally requested that respondent submit further documents, as follows:

5. Q: What happened, if any, after petitioner filed its administrative claim for refund with VCAD?

   A: On 15 July 2020, [I] verified the completeness and regularity of the documents submitted in accordance with Revenue Memorandum Circular (RMC) No. 47-2019.

6. Q: What was the result of your verification?

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[27] Division Docket – Vol. III, *Sworn Witness Statement (Ms. Clarissa L. Magarao)* dated October 21, 2020, Exhibit "P-104," pp. 1677 to 1678.
[28] Division Docket –Vol. I, Exhibit "P-11-a," Part II.2.14, p. 173.

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A: As stated in the Letter dated 19 November 2020, addressed to Ms. Sylvia R. Alma Jose, Chief, Litigation Division, x x x it was found that the following mandatory documents were lacking/not properly complied with:

a. The deduction of the claim from the available input VAT was indicated in a monthly VAT declaration, not in a quarterly VAT return as required in the regulation; and
b. The bank statements submitted as proof of the inward remittances were not certified by an office of the issuing bank pursuant to item II(7) of RMC No. 47-2019.

Section 112(C) of the National Internal Revenue Code of 1997 (NIRC of 1997), as amended by Republic Act (RA) No. 10963 or the TRAIN Law provides:

> "In proper cases, the Commissioner shall grant a refund or issue the tax credit certificate 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 Subsection (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."

Accordingly, respondent issued RMC No. 47-2019 to specify the mandatory requirements that taxpayer-claimants must submit upon filing of their input VAT refund claims. Moreover, item I(5) of the aforesaid RMC states:

> "xxx Failure on the part of the taxpayer-claimant to submit the complete documents in support of the claim shall result in non-acceptance of the application. xxx"

7. Q: What happened next, if any?

A: I communicated and explained my findings to the authorized representative of the taxpayer, Atty. Janellee Dumanat and she acknowledged the noted observations. She further agreed that the claim be pulled-out as evidenced by the Acknowledgment Receipt returning the entire docket consisting of one (1) box with 18 folders x x x.[29]

Consistent with the doctrine laid down in *Pilipinas Total Gas,* once the taxpayer-claimant has manifested that it has submitted complete supporting documents, the determination of whether such submissions are indeed complete under the law properly rests with the CIR, and, ultimately, with the Court.

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[29] Division Docket – Vol. IV, *Judicial Affidavit (of Jovelyn Borromeo)* dated March 18, 2021, Exhibit "R-4," pp. 1853 to 1854.

In *Commissioner of Internal Revenue v. Deutsche Knowledge Services Pte. Ltd.*,[30] the Supreme Court recognized the distinct prerogatives of the BIR and the taxpayer-claimant in determining the completeness of documents submitted in support of a refund claim, while clearly delineating their respective functions:

> Notably, both parties are given the occasion to determine the completeness of documents supporting a claim for tax refund or credit. However, the Court must differentiate between these two functions.
>
> On the one hand, the claimant has the prerogative to determine whether he had completed his submissions upon filing or within 30 days thereafter. This procedural determination of completeness is aimed at ascertaining the date of completion from which the 120-day period shall commence.
>
> In contrast, whether the claimant's submissions "are actually complete as required by law — is for the CIR and the courts to determine." The CIR and courts' subsequent evaluation of the documents is a substantive determination of completeness, for the purpose of ascertaining the claimant's entitlement to the tax refund or credit sought.
>
> Clearly, the CIR has no authority to unilaterally determine the completeness of these documents and dictate the running of the 120-day period to resolve the claim, as he attempts to do so in the present case. To sanction this would be giving the tax authorities "unbridled power to indefinitely delay the administrative claim" and in turn "prevent the filing of a judicial claim with the CTA." (Citations omitted)

In this case, RO Borromeo had already conducted a subsequent evaluation of the completeness of the documents submitted by respondent. Under the applicable law and rules, such evaluation constitutes findings that should have been formalized in a written notice or letter to the respondent-claimant, reflecting either a full or partial denial of the refund claim. Notably, RO Borromeo herself admitted this during cross-examination, as follows:

> ATTY. DE JESUS:
> Kindly refer to No. 2 of your Judicial Affidavit, you mentioned here that you evaluate the documents supporting the claim. Now, Madam Witness, by evaluate, you mean to assess whether the supporting documents substantiate the claim. Correct?
>
> WITNESS:
> Yes, Attorney.

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[30] G.R. No. 234445, July 15, 2020 [Per J. Inting, Second Division].

ATTY. DE JESUS:
Now, am I correct to say, Madam Witness that without these documents that you mentioned in No. 6, you would regard the application as not being substantiated?

WITNESS:
Yes. We do not accept the filing of the VAT returns because there are lacking of documents.

ATTY. DE JESUS:
And the lacking documents, Madam Witness, means the application could not be substantiated?

WITNESS:
Yes.

ATTY. DE JESUS:
And if the application could not be substantiated could mean that the claim would be rejected or denied?

WITNESS:
It's not accepted actually. So, there was no filing of the VAT returns, Attorney. We could not deny it because there was no filing of the VAT claim.

ATTY. DE JESUS:
Ordinarily, Madam Witness, when you evaluate the claim, let's say it has complete documents for review and is not substantiated, it would be denied? Because it's not substantiated.

WITNESS:
It is not really denial because there was no application to be denied.

ATTY. DE JESUS:

No no, Madam Witness. Supposed that the application has the documents you want to see, but you thought that it was not substantiated, it would be denied?

WITNESS:
Yes, Attorney.[31]

Even thereafter, the respondent submitted a Letter dated July 29, 2020 to the CIR, expressly asserting that, notwithstanding the verbal notice from RO Borromeo regarding the alleged deficiencies or non-compliance of its submissions, the respondent maintains that its documents fully satisfy the requirements set forth under the NIRC of

[31] Transcript of Stenographic Notes during the hearing held on March 30, 2022, pp. 7 to 9.

1997, as amended.[32] This marked the *second* instance in which the respondent-claimant declared the completeness of its submissions.

Notwithstanding this explicit declaration, the petitioner, through his Letter dated August 27, 2020, persisted in his position that, due to the purported deficiencies or non-compliance of the respondent's submissions, the application could not be considered valid. Under these circumstances, it was proper for the respondent to treat this communication as a denial of its refund claim. Failure to do so would have precluded the respondent from timely instituting a judicial claim.

Indeed, to countenance the petitioner's position that this Court lacks jurisdiction over the refund claim on the ground that no valid application for refund was ever filed would, in effect, condone the very abuse that established jurisprudence seeks to prevent: namely, permitting the CIR to unilaterally determine the completeness of the taxpayer-applicant's submissions in support of its refund claim. Such a stance would effectively confer upon the tax authorities unbridled power to indefinitely delay the processing of an administrative claim, and, consequently, bar the filing of a judicial claim with the CTA.

In sum, reckoning from the receipt of the Letter dated August 27, 2020, on September 23, 2020, the respondent had until October 23, 2020 to elevate the matter to the CTA. Given that the *Petition for Review* was timely filed before the Court in Division on October 22, 2020, the Court properly acquired jurisdiction over the case.

Petitioner's reliance on Pilipinas Total Gas finds no support in the records.

To recall, petitioner contends that, assuming *arguendo* that the Court in Division has jurisdiction over the instant case, it follows that, upon the issuance of a decision denying the petitioner's administrative claim for refund, judicial review must be strictly confined to the documents submitted at the administrative stage, invoking *Pilipinas Total Gas*. Accordingly, the petitioner maintains that the respondent is barred from introducing new or additional evidence not previously presented before the BIR.

Respondent, for its part, firmly asserts that the denial of its refund claim is devoid of factual and legal bases, having duly submitted all documents required under the applicable laws, and rules and regulations. Moreover, in its *Petition for Review*, respondent

[32] Division Docket – Vol. II, Exhibit "P-16," p. 792.

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specifically refutes each ground relied upon by the petitioner in denying the claim.

Verily, the Supreme Court, in *Pilipinas Total Gas*, clarified that, in instances of **inaction**, the CTA may receive evidence not previously submitted at the administrative level, thereby assuming the role of a court of first instance. Conversely, where the CIR has issued a definitive **ruling**, the CTA's review is properly confined to the record upon which the administrative decision was based, subject to the formal offer of the same documents before the Court. To allow otherwise would subvert the administrative process, render CIR determinations nugatory, and encourage the filing of incomplete refund claims merely to meet statutory deadlines, with the expectation that taxpayer-claimants may simply supplement such documents at the judicial level—documents that were either already in their possession or could reasonably have been produced during the administrative proceedings. Such a practice would effectively circumvent the reglementary periods and undermine the finality and integrity of administrative review.

Thus, in cases such as the present, where the administrative claim has been denied, this Court's review is properly confined to the evidence that was presented, marked, and formally offered during trial, and which also formed the evidentiary basis of the CIR's adverse ruling.

Notably, respondent has consistently maintained full compliance with all requirements for a refund claim, both at the administrative and judicial levels. In its *Petition for Review* before the Court in Division, the respondent specifically addressed petitioner's findings in the Letter dated August 27, 2020, demonstrating in detail that the BIR's conclusions were erroneous and should not have warranted the rejection of its application[33]–submissions that the petitioner has not expressly controverted.

While the CIR has generally asserted, in his *Motion for Reconsideration (Re: Decision promulgated 11 April 2024)*,[34] and *Petition for Review*[35] before the CTA *En Banc*, that under the doctrine in *Pilipinas Total Gas*, the respondent is precluded from submitting new documents not previously presented at the administrative stage, the CIR has failed to identify which particular documents submitted before the CTA were allegedly not presented to the BIR.

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33 Division Docket – Vol. I, pp. 15 to 17.
34 Division Docket – Vol. V, pp. 2410 to 2424.
35 EB Docket, pp. 1 to 16.

In the absence of any competent evidence from petitioner to controvert the respondent's assertion that it satisfied all the requirements for a successful administrative and judicial claim, the respondent's allegations, supported by the documentary evidence on record, must prevail.

Finally, anent the petitioner's contention that the respondent failed to fully substantiate with documentary evidence the services to its affiliates outside the Philippines, on the ground that insufficient proof was submitted to establish that such affiliates were not doing business in the Philippines, such argument likewise cannot prosper. The Court in Division has already addressed this matter, finding that the respondent presented various foreign registration documents,[36] and SEC negative certifications[37] of its clients, thereby establishing that these clients are non-resident foreign corporations not doing business in the Philippines. We find no compelling reason to depart therefrom.

WHEREFORE, the *Petition for Review* is **DENIED** for lack of merit. Accordingly, the assailed Decision dated April 11, 2024, and the assailed Resolution dated July 19, 2024, are hereby **AFFIRMED**.

SO ORDERED.

HENRY S. ANGELES
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

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[36] Division Docket – Vol. III Exhibits "P-72" to "P-97," pp. 1273 to 1645.
[37] *Id.*, Exhibits "P-55" to "P-71," pp. 1256 to 1272.

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

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

LANEE S. CUI-DAVID
Associate Justice

CORAZON G. FERRER-FLORES
Associate Justice

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, 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.

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice