REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

EN BANC

COMMISSIONER OF INTERNAL REVENUE, Petitioner,	**CTA EB No. 2899** (CTA Case No. 10169)
	Present:
- versus -	**RINGPIS-LIBAN,** *P.J.*, **BACORRO-VILLENA, MODESTO-SAN PEDRO, REYES-FAJARDO, CUI-DAVID, FERRER-FLORES,** and **ANGELES,** *JJ.*
EUROFRAGANCE PHILIPPINES, INC., Respondent.	Promulgated: MAY 19 2026 4:21 p.m.

x- -x

RESOLUTION

FERRER-FLORES, J.:

For resolution is petitioner's **Motion for Reconsideration (of the Decision dated 26 January 2026)** (*Motion*) filed on February 18, 2026 seeking that the Decision promulgated on January 26, 2026 (*assailed Decision*)[1] be reconsidered and set aside and that another one be issued dismissing the original *Petition for Review* filed by respondent for lack of merit.

In his *Motion*, petitioner posits that the Court *En Banc* erred in upholding the Decision of the Court in Division and contends that only compliant value-added tax (VAT) invoices and official receipts (ORs) can give rise to input tax credits. Citing the case of *Chevron Holdings, Inc. vs*

---

[1] *Rollo*, pp. 75 to 81.

Commissioner of Internal Revenue (*Chevron case*),[2] petitioner argues that the Supreme Court categorically declared that failure to strictly comply with the invoicing requirements under the National Internal Revenue Code (NIRC) of 1997, as amended, is a sufficient ground to deny the claim for refund of tax credit.

Petitioner points out that, in the instant case, the cancelled portion of deficiency VAT assessment of petitioner, when his authorized representative initially conducted the audit, pertained to non-compliant official ORs and invoices of respondents such as "VAT not separately billed", "incomplete information", among others, which are clearly violations of the invoicing requirements under the NIRC of 1997, as amended. Petitioner argues that respondent should not be allowed to claim it as input tax deductible from its output tax.

Petitioner also asserts that admissibility is distinct from and should not be confused with probative value. It maintains that the Court erred in giving probative value to the Certifications and Notarized Certifications presented by respondent. According to petitioner, the testimony of respondent's Chief Financial Officer (CFO) is limited only to the due execution of the Certifications and Notarized Certifications and not as to the truth or veracity of the contents therein. Petitioner insists that these Certifications and Notarized Certifications were hearsay evidence.

Respondent, on the other hand, claims that the Court correctly ruled that respondent's ORs and invoices comply with the invoicing requirements. Moreover, respondent asserts that the Court has properly given credit to the findings of the Court in Division as the Certifications were offered as documentary evidence and form part of business records; thus, the rule on hearsay does not apply.

After due consideration, the Court *En Banc* finds petitioner's *Motion* unmeritorious.

While it is settled that input tax credits must be substantiated by VAT invoices or ORs that comply with Sections 110 and 113 of the NIRC of 1997, as amended, this rule does not operate in a vacuum nor lend itself to a rigid and mechanical application divorced from the factual milieu of each case.

The Court *En Banc* agrees with respondent that the *Chevron case* is not applicable to the instant case on all fours. In the *Chevron case*, the Supreme Court denied the claim for refund because Chevron failed to strictly comply

---

[2] G.R. No. 215159, July 5, 2022.

with the invoicing requirements under the NIRC of 1997, as amended, and the deficiencies therein were unexplained and unsupported by competent evidence. In contrast, the instant case involves VAT invoices and ORs that were subsequently corrected and duly authenticated by the very suppliers who issued them. Moreover, the *Chevron case* involves a claim for refund, whereas the instant case refers to an assessment of petitioner against respondent.

The Court *En Banc*, thus, affirms the findings of the Court in Division in ruling that the ORs and invoices in the instant case were validated by the suppliers themselves and upholding in part petitioner's deficiency VAT assessment and ordering respondent to pay ₱295,368.54

Petitioner likewise argues that admissibility of evidence is distinct from probative value, and asserts that the Court erred in giving weight to the Certifications and Notarized Certifications, which petitioner characterizes as hearsay. According to petitioner, the testimony of respondent's CFO merely established due execution, not the truth of the contents of the certifications.

Respondent, on the other hand, counter-argues that the Certifications and Notarized Certifications do not constitute hearsay, as they fall within recognized exceptions under the Rules on Evidence. These documents were issued by respondent's suppliers in the regular course of business, for the purpose of confirming specific transactions and amounts previously recorded in their books and VAT returns. As such, they partake of the nature of business records, whose reliability is grounded on the duty of the issuer to accurately reflect business transactions.

Petitioner's argument is misplaced.

The probative value of these documents was not derived solely from their admissibility, but from the totality of evidence presented. The Certifications and Notarized Certifications were specifically identified, matched with particular invoices and ORs, corroborated by the suppliers' VAT declarations and SLS, and authenticated through testimonial evidence.

Contrary to petitioner's claim, the testimony of respondent's CFO, Ms. May V. Heramia, did not stop at confirming due execution. She testified, based on personal knowledge acquired in the ordinary course of her duties, i.e. her familiarity of the signatures of the suppliers' authorized representatives who executed the certifications.

Pursuant to Section 22 of Rule 130 of the Revised Rules on Evidence, a witness may testify to facts within her personal knowledge. As CFO, Ms. Heramia credibly explained that she had previously encountered and acted upon documents bearing the same signatures, thereby enabling her to recognize them. The Court in Division properly credited this testimony, and the Court *En Banc* finds no reason to disturb such factual appreciation.

As found by the Court in Division – and affirmed herein – respondent did not rely on bare, self-serving assertions. The corrections and additions made by respondent's suppliers on the invoices and official receipts—such as the separate indication of VAT, inclusion of petitioner's TIN and address—were duly supported by countersignatures of authorized signatories. Where signatures differed, notarized certifications from suppliers confirmed: (1) the specific invoices or receipts issued to respondent, with amounts and VAT separately shown; (2) the identity of the authorized representative who made the corrections; and, (3) that the VAT arising from the transactions was paid, declared, and reflected in the suppliers' Summary List of Sales attached to their VAT returns.

The Court in Division thoroughly explained in its Decision that the disallowance by the BIR of certain input taxes credited by respondent against its output taxes for the period January 1 to June 30, 2017 was unwarranted.

Sections 110(A) and 113(A) and (B) of the NIRC, in relation to Section 4.110-8 of Revenue Regulations No. 16-05, require that input taxes be substantiated by compliant VAT invoices or receipts. In this case, respondent's input tax credits were supported by such documents, albeit with corrections duly explained and authenticated by supplier certifications. The Court in Division properly gave credence to these supporting documents and certifications.

Clearly, the Court in Division correctly ruled that the BIR's disallowance of respondent's input tax credits solely on the basis of initially incomplete entries was improper, and the Court *En Banc* finds no basis to overturn this conclusion.

The *Motion* essentially reiterates arguments already exhaustively addressed and resolved in the *assailed Decision*. Petitioner failed to demonstrate any reversible error, misappreciation of evidence, or misapplication of law that would warrant a departure from the findings of the Court in Division, as affirmed by the Court En Banc.

ACCORDINGLY, petitioner's **Motion for Reconsideration (of the Decision dated 26 January 2026)** is **DENIED** for lack of merit.

SO ORDERED.

CORAZON G. FERRER-FLORES
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

(On Official Business)

MARIAN IVY F. REYES-FAJARDO
Associate Justice

LANEE S. CUI-DAVID
Associate Justice

HENRY S. ANGELES
Associate Justice