REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

DEUTSCHE KNOWLEDGE SERVICES PTE., LTD.,
Petitioner,

-*versus*-

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA *EB* NO. 2249
(CTA Case No. 9154)

Present:

DEL ROSARIO, *P.J.,*
UY,
RINGPIS-LIBAN,
MANAHAN,
BACORRO-VILLENA,
MODESTO-SAN PEDRO,
REYES-FAJARDO, *and*
CUI-DAVID, *JJ.*

Promulgated:
OCT 10 2022 3:48pm

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RESOLUTION

MANAHAN, J.:

On June 1, 2022, the Court promulgated its Amended Decision,[1] remanding the instant case to the Court in Division (CTA 3rd Division) for computation of the refundable amount, if any. The Amended Decision states:

> **WHEREFORE**, the *Motion for Reconsideration Re: Decision dated December 14, 2021* filed by petitioner is **PARTIALLY GRANTED**.
>
> Accordingly, let the case be **REMANDED** to the CTA Third Division for computation of the refundable amount due to petitioner, if any.
>
> **SO ORDERED**.[2]

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[1] EB Docket, pp. 135-140.
[2] EB Docket, p. 139.

On June 14, 2022, respondent Commissioner of Internal Revenue (CIR) filed a *Motion for Reconsideration (Re: Amended Decision promulgated 1 June 2022)* stating that the Court erred in remanding the case for determination of the refundable amount due to petitioner, if any. Respondent cited the findings of the Court in Division in the Decision dated October 4, 2019, and the Dissenting Opinion of the Honorable Associate Justice Erlinda P. Uy as basis to argue that petitioner failed to prove it was engaged in zero-rated or effectively zero-rated sales; that petitioner failed to prove that its services are other than processing, manufacturing or repacking of goods; and, that such services were rendered in the Philippines.

On July 26, 2022, the Court received petitioner's *Comment (Re: Motion for Reconsideration dated June 13, 2022)*, which was posted on July 18, 2022. Petitioner states that it presented sufficient evidence to show that its services were performed in the Philippines and that its services are "other than processing, manufacturing, or repacking of goods." Petitioner also states that claims for refund of erroneously paid taxes necessitate only preponderance of evidence.

We deny the *Motion*.

Petitioner was able to sufficiently prove that its services rendered are under the category of services other than processing, manufacturing or repacking of goods, and that said services were performed in the Philippines.

The testimony of petitioner's witness, Ms. Rachel Concepcion, that petitioner is licensed to do business as a regional operating headquarters (ROHQ) in the Philippines and that it engages in "general administration and planning; business planning and coordination; sourcing/procurement of raw materials and components; corporate finance advisory services; marketing control and sales promotion; training and personnel management; logistic services, research and development services and product development; technical support and maintenance; data processing and communication and business development; and, that petitioner acts as a shared services center, which handles regional, as well as global, accounting and related controlling processes, such as accounting production work in the global general ledger in SAP, developing and operating inter-company clearing house, accounting and head office reporting for nonregulated entities and product control,"[3] is unrebutted. This testimony was corroborated by petitioner's Certificate of Registration and License issued by the Securities and Exchange Commission.

Ms. Concepcion also stated in her testimony that the services were rendered in the Philippines,[4] and this testimony was corroborated by petitioner's purchases of goods and services from Philippine-based suppliers, to be utilized in the Philippines in the course of rendering services in the Philippines.

Given the foregoing, the Court reiterates its ruling in the Amended Decision, dated June 1, 2022, to remand the case to the Third Division for the determination of the refundable amount to petitioner, taking into consideration which of petitioner's clients qualify as non-resident foreign corporations not engaged in business in the Philippines and which are also supported with the appropriate IntraGroup Service Agreements.

WHEREFORE, the *Motion for Reconsideration (Re: Amended Decision promulgated 1 June 2022)* filed by respondent Commissioner of Internal Revenue is **DENIED** for lack of merit.

SO ORDERED.

CATHERINE T. MANAHAN
Associate Justice

WE CONCUR:

ROMAN G. DEL ROSARIO
Presiding Justice

(With due respect, I reiterate my Dissenting Opinion
in the Amended Decision)
ERLINDA P. UY
Associate Justice

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[3] Exhibit "P-11", division docket, Vol. I, pp. 105-106.
[4] *Id.* at p. 109.

(With due respect, I join the Dissenting Opinion of Justice Erlinda P. Uy)
MA. BELEN M. RINGPIS-LIBAN
Associate Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

W/ due respect, I join the D[...] of Justice EPU

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

MARIAN IVY F. REYES-FAJARDO
Associate Justice

LANEE S. CUI-DAVID
Associate Justice