REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL THIRD DIVISION

PETRON CORPORATION, *Petitioner,*	**CTA Case Nos. 10750 & 10905**
- versus -	Members: **REYES-FAJARDO,** *Chairperson, and* **ANGELES,** *JJ.*
COMMISSIONER OF INTERNAL REVENUE, *Respondent.*	Promulgated: APR 08 2026 4:14 p.m.

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DECISION

REYES-FAJARDO, *J.*:

These Petitions for Review filed by Petron Corporation seek the refund of excise taxes it paid on locally produced and imported Jet A-1 fuel, subsequently sold and delivered to various international carriers and tax-exempt entities from January 1, 2020 to December 31, 2020, in the total amount of ₱586,958,664.00.[1]

FACTS

Petitioner Petron Corporation is a domestic corporation duly organized and existing under Philippine laws, with principal office address at SMC Head Office Complex 40 San Miguel Avenue, Mandaluyong City.[2] It is registered with the Bureau of Internal Revenue (BIR) under Taxpayer Identification Number (TIN) 000-168-801-00000.[3]

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1 Prayer, Petition for Review, Docket (CTA Case No. 10750) – Vol. I, p. 48; Prayer, Petition for Review, Docket (CTA Case No. 10905), p. 40.

2 Par. 1, Summary of Admitted Facts, Joint Stipulation of Facts and Issues (JSFI), Docket (CTA Case No. 10750) - Vol. I, p. 426; Exhibits "P-1" and "P-2," Docket (CTA Case No. 10750) - Vol. 2, pp. 801 to 819.

3 Exhibit "P-3," Docket (CTA Case No. 10750) – Vol. 2, pp. 820 to 821.

Respondent Commissioner of Internal Revenue is sued in his official capacity, having been duly appointed and empowered to perform the duties of his office, including, among others, the duty to act on and approve claims for refund as provided by law.[4]

Petitioner filed its Applications for Tax Credits/Refunds (BIR Form No. 1914), with letters requesting a tax refund of the excise taxes it paid on its locally produced and imported Jet A-1 fuel, which were subsequently sold and delivered to various international carriers and tax-exempt entities, for the following periods:

Period	Source of Jet A-1	Date of Filing	Excise Tax Paid
Jan. 1 to June 30, 2020	Locally manufactured	Nov. 5, 2021[5]	₱ 9,383,688.00
	Imported	Nov. 26, 2021[6]	308,863,888.00
July 1 to Dec. 31, 2020	Locally manufactured	Apr. 11, 2022[7]	48,684,692.00
	Imported	Apr. 11, 2022[8]	220,026,396.00
Total			**₱ 586,958,664.00**

On February 2, 2022,[9] petitioner filed its Petition for Review docketed as CTA Case No. 10750, to refund the amount of ₱318,247,576.00, representing excise taxes paid from January 1, 2020 to June 30, 2020. Respondent filed his Answer,[10] thereto on May 10, 2022.

On June 29, 2022,[11] petitioner filed another Petition for Review docketed as CTA Case No. 10905, to refund the amount of ₱268,711,088.00, representing excise taxes paid during the period July 1, 2020 to December 31, 2020. Respondent posted his *Answer*[12] thereto on September 9, 2022.

Petitioner thereafter moved[13] to consolidate the two (2) cases.

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4 Par. 3, Summary of Admitted Facts, JSFI, Docket (CTA Case No. 10750) - Vol. I, p. 426.
5 Exhibits "P-7-A" and "P-8-A," Docket (CTA Case No. 10750) - Vol. 2, pp. 838 to 844, and 852, respectively.
6 Exhibits "P-13-A" and "P-14-A," Docket (CTA Case No. 10750) - Vol. 2, pp. 876 to 883.
7 Exhibits "P-7-B" and "P-8-B," Docket (CTA Case No. 10750) - Vol. 2, pp. 845 to 851, and 853, respectively.
8 Exhibits "P-9-B" and "P-10-B," Docket (CTA Case No. 10750) - Vol. 2, pp. 858 to 863, and 870, respectively.
9 Docket (CTA Case No. 10750) - Vol. I, pp. 11 to 54.
10 Docket (CTA Case No. 10750) - Vol. I, pp. 188 to 197.
11 Docket (CTA Case No. 10905), pp. 6 to 49.
12 Docket (CTA Case No. 10905), pp. 157 to 172. Docket (CTA Case No. 10905), p. 156.
13 Docket (CTA Case No. 10750) - Vol. I, pp. 268 to 278.

In separate Resolutions dated August 23, 2022[14] and September 23, 2022,[15] the Court consolidated CTA Case No. 10905 with CTA Case No. 10750.

On January 19, 2023,[16] the Pre-Trial Conference of the two (2) consolidated cases was set and held.

On February 20, 2023, the parties filed their Joint Stipulation of Facts and Issues,[17] which was approved by the Court by Resolution dated February 28, 2023.[18] The Consolidated Pre-Trial Order dated May 10, 2023[19] was then issued.

Trial then ensued.

Petitioner presented: (1) Ms. Ma. Clarissa C. Arguelles,[20] petitioner's Tax Manager; (2) Ms. Marissa U. Viray,[21] petitioner's then Operations Finance Manager, and presently Accounting Services Manager; (3) Mr. Francis Herthiel N. Carino,[22] petitioner's then Area Sales Manager - Industrial South Luzon, and presently petitioner's Key Accounts Manager - Industrial Fuels Trade; (4) Mr. Raymond John M. Valin,[23] petitioner's then Account Sales Coordinator - National Accounts Industrial Trade, and presently petitioner's Manager - VisMin Field Technical Services; (5) Mr. Emmanuel Victor T. Tatoy,[24] petitioner's Terminal Manager for the Joint Oil Companies Aviation Fuel Storage Plant, Ninoy Aquino International Airport Terminal 2, Pasay City (JOCASP/NAIA); (6) Mr. Ronaldo A.

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14 Docket (CTA Case No. 10905), pp. 6 to 49.

15 Docket (CTA Case No. 10750) - Vol. I, pp. 288 to 290.

16 Resolution dated October 25, 2022, Docket (CTA Case No. 10750) - Vol. I, p. 293; Minutes of the hearing held on, and Order dated, on January 19, 2023, Docket (CTA Case No. 10750) - Vol. I, pp. 357 to 364.

17 Docket (CTA Case No. 10750) - Vol. I, pp. 426 to 455.

18 Docket (CTA Case No. 10750) - Vol. I, pp. 463 to 464.

19 Docket (CTA Case No. 10750) - Vol. I, pp. 509 to 554.

20 Exhibits "P-41-A" and "P-39-B," Docket (CTA Case No. 10750) - Vol. I, pp. 59 to 84, and 381 to 391, respectively; Exhibit "P-34-B," Docket (CTA Case No. 10905), pp. 55 to 81; Minutes of the hearing held on, and Order dated, March 28, 2023, Docket (CTA Case No. 10750) - Vol. I, pp. 488 to 492, and 494 to 496, respectively.

21 Exhibit "P-42-A," Docket (CTA Case No. 10750) - Vol. I, pp. 88 to 101; Exhibit "P-35-B," Docket (CTA Case No. 10905), pp. 85 to 99; Minutes of the hearing held on, and Order dated, March 28, 2023, Docket (CTA Case No. 10750) - Vol. I, pp. 488 to 492, and 494 to 496, respectively.

22 Exhibit "P-44-A," Docket (CTA Case No. 10750) - Vol. I, pp. 116 to 124; Order dated April 20, 2023, Docket (CTA Case No. 10750) - Vol. I, pp. 499 to 501.

23 Exhibit "P-45-A," Docket (CTA Case No. 10750) - Vol. I, pp. 128 to 135; Exhibit "P-37-B," Docket (CTA Case No. 10905), pp. 115 to 122; Order dated April 20, 2023, Docket (CTA Case No. 10750) - Vol. I, pp. 499 to 501.

24 Exhibit "P-46-A," Docket (CTA Case No. 10750) - Vol. I, pp. 139 to 147; Exhibit "P-38-B," Docket (CTA Case No. 10905), pp. 126 to 135; Order dated April 20, 2023, Docket (CTA Case No. 10750) - Vol. I, pp. 499 to 501.

Tadena,[25] petitioner's then Terminalling Manager, and presently Oil Movement & Storage and Terminalling Manager; (7) Mr. Jake Martin A. Magana,[26] petitioner's OIC-Commercial Services Manager; and (8) Ms. Madonna Mia S. Dayego,[27] the Court-commissioned Independent Certified Public Accountant (ICPA Dayego), [28] as its witnesses.

On February 27, 2024, petitioner filed its Formal Offer of Evidence,[29] with respondent's Comment filed on March 8, 2024.[30]

By the Resolution dated May 30, 2024,[31] the Court admitted petitioner's offered exhibits, while several exhibits were denied.

On June 14, 2024,[32] petitioner filed a Motion for Reconsideration with respondent's Manifestation filed on September 16, 2024.[33] By Resolution dated September 7, 2022,[34] the Court admitted Exhibits "P-1007," "P-1008," "P-1010," and "P-1018."

Respondent presented Revenue Officer Alexander M. Atienza as his witness (RO Atienza).[35]

On June 25, 2024, Respondent filed his Formal Offer of Evidence,[36] with petitioner's Comment filed on July 11, 2024.[37]

By Resolution dated October 9, 2024,[38] the Court admitted all of respondent's offered exhibits.

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25 Exhibit "P-47," Docket (CTA Case No. 10750) – Vol. I, pp. 151 to 161; Minutes of the hearing held on, and Order dated, February 7, 2024, Docket (CTA Case No. 10750) – Vol. 2, pp. 681 to 684.

26 Exhibit "P-43-a," Docket (CTA Case No. 10750) – Vol. I, pp. 259 to 267; Exhibit "P-36-B," Docket (CTA Case No. 10905), pp. 103 to 111; Minutes of the hearing held on, and Order dated, February 7, 2024, Docket (CTA Case No.10750) – Vol. 2, pp. 681 to 684.

27 Exhibit "P-48," Docket (CTA Case No. 10750) – Vol. 2, pp. 738 to 775; Minutes of the hearing held on, and Order dated, February 7, 2024, Docket (CTA Case No.10750) – Vol. 2, pp. 681 to 684.

28 Oath of Commission dated March 28, 2023, Docket (CTA Case No. 10750) – Vol. I, p. 492; Minutes of the hearing held on, and Order dated, March 28, 2023, Docket (CTA Case No. 10750) – Vol. I, pp. 488 to 492, and 494 to 496 respectively.

29 Docket (CTA Case No. 10750) – Vol. 2, pp. 686 to 800.

30 Docket (CTA Case No. 10750) – Vol. 2, pp. 902 to 904.

31 Docket (CTA Case No. 10750) – Vol. 2, pp. 909 to 921.

32 Docket (CTA Case No. 10750) – Vol. 2, pp. 935 to 972, and 973 to 976 (ICPA's Certification dated June 14, 2024).

33 Docket (CTA Case No. 10750) – Vol. 2, pp. 996 to 998.

34 Docket (CTA Case No. 10232) – Vol. 2, pp. 1335 to 1336.

35 Exhibit "R-9," Docket (CTA Case No. 10750) – Vol. I, pp. 340 to 345; Exhibit "R-10," (CTA Case No. 10750) – Vol. 2, pp. 894 to 901; Minutes of the hearing held on, and Order dated, May 30, 2024, Docket (CTA Case No. 10750) – Vol. 2, pp. 926 to 928.

36 Docket (CTA Case No. 10750) – Vol. 2, pp. 979 to 983.

37 Docket (CTA Case No. 10750) – Vol. 2, pp. 989 to 993.

On November 13, 2024, petitioner filed its Memorandum,[39] while respondent's Memorandum was submitted on November 19, 2024.[40]

By Resolution dated April 10, 2025,[41] the Court admitted[42] and denied[43] certain exhibits of petitioner, and submitted the case for decision.

ISSUES[44]

1. Whether We obtained jurisdiction over CTA Case Nos. 10750 & 10905.

2. Whether petitioner is entitled to the refund in the amount of Five Hundred Eighty-Six Million, Nine Hundred Fifty-Eight Thousand Six Hundred Sixty-Four Pesos (₱586,958,664.00), representing excise taxes paid during the period January 1, 2020 to June 30, 2020 amounting to Three Hundred Eighteen Million Two Hundred Forty-Seven Thousand Five Hundred Seventy-Six Pesos (₱318,247,576.00) docketed as CTA Case No. 10750; and excise taxes paid during the period July 1, 2020 to December 31, 2020 amounting to Two Hundred Sixty-Eight Million Seven Hundred Eleven Thousand Eighty-Eight Pesos (₱268,711,088.00) docketed as CTA Case No. 10905, for petitioner's locally produced and imported Jet A-1 fuel, which were subsequently sold and delivered to various international carriers and tax-exempt entities.

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38 Docket (CTA Case No. 10750) – Vol. 3, pp. 1002 to 1003.

39 Docket (CTA Case No. 10750) – Vol. 3, pp. 1006 to 1089.

40 Docket (CTA Case No. 10750) – Vol. 3, pp. 1091 to 1110.

41 Docket (CTA Case No. 10750) – Vol. 3, pp. 1117 to 1125.

42 Exhibits, "P-108-1-46," "P-109-1736," "P-109-1760," "P-111-1" to "P-111-21," "P-114-13-1 to P-114-13-12" and "P-114-14-1 to P-114-14-12," "P-115-1," "P-118-1-1512," "P-118-1-3415," "P-118-1-3726," "P-119-1-20," "P-8-B," "P-8-1-B," "P-28-B," and "P-29-B."

43 Exhibits "P-6-A," "P-6-1-A to P-6-6103-A," "P-6-B," "P-6-B to P-6-5260-B," "P-11-B," "P-11-1-B to P-11-56-B," "P-12-B," "P-13-B," "P-13-1-B to P-13-15-B," "P-14-B," "P-14-1-B to P-14-5-B," "P-15-A," "P-15-A to P-15-89-A," "P-15-1-B to P-15-34-B," "P-16-A," "P-16-1-A to P-16-11-A," "P-16-B to P-16-6-B," "P-17-A," "P-17-B," "P-17-1-A to P-17-15-A," "P-17-1-B to P-17-6-B," "P-18-B," "P-18-B to P-18-30-B," "P-19-A," "P-19-1-A to P-19-4-A," "P-19-B," "P-19-1-B to P-19-10-B," "P-20-A," "P-20-1-A to P-20-33-A," "P-20-B," "P-20-1-B to P-20-2767-B," "P-21-A," "P-21-1-A to P-21-6-A," "P-21-B," "P-21-1-B to P-21-135-B," "P-21-1-A to P-22-6-A," "P-22-A," "P-22-B," "P-22-1-B to P-22-14-B," "P-23-A," "P-23-1-A to P-23-57-A," "P-23-B," "P-23-1-B to P-23-512-B," "P-24-A," "P-24-1-A to P-24-12-A," "P-24-1-B to P-24-6-B," "P-25-A," "P-25-1-A to P-25-4266-A," "P-25-B," "P-25-1-B to P-25-93-B," "P-26-A," "P-26-1-A to P-26-238-A," "P-26-B," "P-26-1-B to P-26-93-B," "P-27-A," "P-27-1-A to P-21-17-A," "P-27-B," "P-27-1-B to P-27-93-B," "P-28-A," "P-28-1-A to P-28-1056-A," "P-29-A," "P-29-1-A to P-29-12-A," "P-30-A," "P-30-1-A to P-30-117-A," "P-30-B," "P-31-A," "P-31-1-A to P-31-157-A," "P-31-B," "P-32-A," "P-32-1-A to P-32-104-A" and "P-35-A."

44 *See* Statement of the Issues, JSFI, Docket (CTA Case No. 10750) – Vol. 1, p. 427.

ARGUMENTS

Petitioner maintains that its administrative and judicial claims for refund were timely filed; that the imported and locally produced Jet A-1 fuel sold to international carriers and tax-exempt entities is exempt from excise tax under Section 135 of the National Internal Revenue Code of 1997 (NIRC), as amended; and that the excise taxes paid thereon were erroneously collected. Thus, it is entitled to a tax refund of ₱586,958,664.00.

Taking an opposite view, respondent ripostes that: (1) petitioner failed to file the required administrative claim for refund; (2) petitioner is not entitled to a refund of excise taxes, as such claims are governed solely by Section 130(D) of the NIRC, as amended; and (3) the denial of petitioner's claim in CTA Case No. 10905 is supported by factual and legal bases.

RULING

We partly grant the Petitions.

First. Did We acquire jurisdiction over CTA Case Nos. 10750 and 10905?

Yes. Petitioner timely filed its administrative and judicial claim within the two (2)-year period from date of its payment of excise tax on locally produced and imported Jet A-1 fuel, which were subsequently sold and delivered to various international carriers and tax-exempt entities.

Section 7(a)(2) of Republic Act (RA) No. 1125,[45] as amended by RA No. 9282 reads:

> Sec. 7. Jurisdiction. – The CTA shall exercise:
>
> a. **Exclusive appellate jurisdiction to review by appeal**, as herein provided:
>
> ...

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[45] An Act Creating the Court of Tax Appeals.

> **2. Inaction by the Commissioner of Internal Revenue in cases involving** disputed assessments, **refunds of internal revenue taxes, fees or other charges, penalties in relations thereto**, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue, where the National Internal Revenue Code provides a specific period of action, in which case the inaction shall be deemed a denial;...[46]

Section 3(a)(2), Rule 4 of the Revised Rules of the Court of Tax Appeals clarified that the CTA in Division has jurisdiction over the inaction of respondent involving refunds of internal revenue taxes. Among the classes thereof is one premised upon illegal, erroneous, or excessive collection of internal revenue taxes, as recognized in Sections 204(C) and 229 of the NIRC, as amended.

Commissioner of Internal Revenue v. Carrier Air Conditioning Philippines, Inc. (Carrier)[47] clarified that for Us to acquire jurisdiction over said type of refund case, the taxpayer must, within two (2) years from the date of payment of the tax, file an administrative claim with respondent prior to instituting a judicial claim. Both the administrative and judicial claims must be filed within the same two (2)-year period, *viz.*:

> Section 204 [of the NIRC, as amended] refers to the Commissioner of Internal Revenue's administrative authority to credit or refund erroneously paid or illegally collected taxes. Under this provision, an administrative claim for refund or credit must be filed within two years from payment of the tax.
>
> Section 229 [of the NIRC, as amended], on the other hand, requires two conditions for the filing of judicial claims: (1) an administrative claim must be filed first; and (2) the judicial claim must be filed within two years after payment of the tax sought to be refunded.
>
> Reading the two provisions together, both administrative and judicial claims must be filed within the two[(2)]-year period. Furthermore, the administrative claim must be filed before the judicial claim. This Court has previously declared that "[t]imeliness of the filing of the claim is mandatory and jurisdictional. The [Court of Tax Appeals] cannot take cognizance of a judicial claim for refund filed either prematurely or out of time."

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46 Emphasis ours.
47 G.R. No. 226592, July 27, 2021.

Relevantly, for imported Jet A-1 fuel, the two(2)-year period is reckoned from the date of actual payment of the excise tax pursuant to Section 131(A) of the NIRC, as amended. Meanwhile, for locally produced Jet A-1 fuel, the two(2)-year period is counted from the date of removal of the petroleum products from the place of production pursuant to Section 130(A)(2) of the NIRC, as amended.

Parsed from these observations, petitioner timely filed its administrative and judicial claims within the two(2)-year period, as shown below:

Type of Jet A-1 Fuel	Case No.	Earliest Payment/ Removal Date	Last Day to File (2-year period)	Administrative Claim Filed	Judicial Claim Filed
Imported	10750	Jan. 7, 2020 [48]	Jan. 7, 2022	Nov. 5, 2021 [49]	Feb. 2, 2022 [50]
	10905	July 29, 2020 [51]	July 29, 2022	April 11, 2022 [52]	June 29, 2022 [53]
Locally Produced	10750	Jan. 2, 2020 [54]	Jan. 2, 2022	Nov. 5, 2021 [55]	Feb. 2, 2022 [56]
	10905	July 1, 2020 [57]	July 1, 2022	April 11, 2022 [58]	June 29, 2022 [59]

To be sure, the judicial claim in CTA Case No. 10750, although filed on February 2, 2022, is timely filed. The Court, through CTA Circular No. 02-2021,[60] suspended the filing of pleadings from December 21, 2021 to January 3, 2022 in light of Super Typhoon Odette, and granted an additional seven (7) calendar day extension from January 4, 2022. Thereafter, the Supreme Court, through Administrative Circular No. 01-2022,[61] further extended all filing deadlines in all courts falling in January 2022 until February 1, 2022.

48 Exhibit "P-104-3-1 (1/3 and 2/3), ICPA USB (Exhibit "P-50-3").
49 Exhibits "P-13-A" and "P-14-A," Docket (CTA Case No. 10750) – Vol. 2, pp. 876 to 883.
50 Docket (CTA Case No. 10750) – Vol. I, pp. 11 to 54.
51 Exhibit "P-104-3-7 (1/3 and 2/3), ICPA USB (Exhibit "P-50-3").
52 Exhibits "P-9-B" and "P-10-B," Docket (CTA Case No. 10750) – Vol. 2, pp. 858 to 863 and 870.
53 Docket (CTA Case No. 10905), pp. 6 to 45.
54 Q&A No. 24, Exhibit "P-41-A," Docket (CTA Case No. 10750) – Vol. I, p. 64; Exhibit "P-109-1 (1/2), ICPA USB (Exhibit "P-50-3).
55 Exhibits "P-7-A" and "P-8-A," Docket (CTA Case No. 10750) – Vol. 2, pp. 838 to 844, and 852, respectively.
56 Docket (CTA Case No. 10750) – Vol. I, pp. 11 to 54.
57 Q&A No. 24, Exhibit "P-34-B," Docket (CTA Case No. 10905), p. 61; Exhibit "P-109-3026."
58 Exhibits "P-9-B" and "P-10-B," Docket (CTA Case No. 10750) – Vol. 2, pp. 858 to 863 and 870.
59 Docket (CTA Case No. 10905), pp. 6 to 45.
60 RE: EXTENSION OF THE DEADLINES FOR THE FILING OF ANY AND ALL PLEADINGS AND OTHER COURT SUBMISSIONS WITH THE COURT OF TAX APPEALS IN LIGHT OF SUPER TYPHOON ODETTE.
61 RE: EXTENSION OF THE DEADLINES FOR THE FILING OF ANY AND ALL PLEADINGS AND OTHER COURT SUBMISSIONS FALLING DUE IN THE MONTH OF JANUARY 2022 IN ALL COURTS.

Considering that February 1, 2022, fell on a holiday, filing the judicial claim on February 2, 2022, the next working day, was considered on time.

Respondent claims that petitioner's administrative claim for CTA Case No. 10905 filed on April 11, 2022 was improper as it was not accepted by the BIR and was returned along with petitioner's documents. For him, the proper filing was made only on July 22, 2022. Hence, when petitioner filed the Petition for Review on June 29, 2022, there was still no valid administrative claim, thereby depriving Us of jurisdiction over the case.[62]

We are not persuaded.

For *one*, a perusal of petitioner's Application for Refund,[63] shows that the same was filed with the BIR on April 11, 2022, as per the stamped receipt on the first page of the Application.

For *another*, RO Atienza said that he returned "several boxes with unaccounted and loose documents to petitioner for proper documentation," as evidenced by a transmittal letter.[64] He did not state that petitioner's refund application itself was returned. In fact, the transmittal letter dated June 30, 2022, offered in evidence by respondent, shows only the return of loose documents for proper accounting, such as paging and preparation of schedules. The refund application was not listed among the returned documents.

Thus, contrary to respondent's claim, petitioner timely filed both its administrative and judicial claims in CTA Case No. 10905, thereby vesting Us with jurisdiction over the case.

Next. Is petitioner entitled to the refund of excise tax paid on its imported and locally produced Jet A-1 fuel, which were subsequently sold and delivered to various international carriers and to tax-exempt entities, covering the period January 1, 2020 to December 31, 2020?

Yes, albeit in part.

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62 Respondent's *Memorandum*, Docket (CTA Case No. 10750) – Vol. 3, pp. 1094 to 1095.
63 Exhibit "P-7-B," Docket (CTA Case No. 10750) - Vol. 2, pp. 845 to 851.
64 Q&A Nos. 14 and 15, Exhibit "R-9," Docket (CTA Case No. 10750) – Vol. I, p. 342.

Respondent contends that petitioner is not the proper party to claim for a refund of excise taxes paid on its petroleum products sold to international carriers and exempt entities. For respondent, Section 135 of the NIRC, as amended does not provide an exemption to sellers like petitioner, as such exemption can only be invoked by buyers who are exempt entities.[65]

We disagree.

Pilipinas Shell Petroleum Corporation v. Commissioner of Internal Revenue,(2021 Pililipinas Shell)[66] categorically declared that the excise tax exemption under Section 135 of the NIRC, as amended, pertains to the importer/manufacturer of petroleum products, as the statutory taxpayer, *viz.*:

> Based on (a) the nature of excise taxes as a property tax and an indirect tax, and (b) the principle that a buyer, when shouldering the tax burden, does not become the statutory taxpayer, it is thus clear that the purchaser of local products (such as international carriers) cannot be deemed to have been conferred a tax exemption when it has not been imposed a tax liability. In the ordinary course of things, international carriers do not manufacture or import petroleum products and hence, are not statutory taxpayers to which the exemption under Section 135 could pertain. If anything, international carriers merely bear the tax burden when the costs therefor are passed on to them by the actual manufacturers or importers. However, as earlier discussed, the "passing on" of the tax burden is largely a contractual affair between the parties and should not determine the tax incidence imposed by law unless the contrary is provided. **As such, the tax exemption under Section 135 must correspondingly benefit the one who actually bears the liability to pay the same (i.e., the importers/manufacturers of petroleum products sold to international carriers, among others), and not the one who simply bears the economic burden thereof (i.e., the purchasers of the products, such as international carriers).**[67]

Following *2021 Pilipinas Shell*, petitioner as the statutory taxpayer can claim a refund under Section 135 of the NIRC for the sale of its imported and locally manufactured Jet A-1 fuel to various international air carriers and tax-exempt entities.

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65 Respondent's *Memorandum*, Docket (CTA Case No. 10750), at pp. 1103.
66 G.R. No. 211303, June 15, 2021.
67 Emphasis ours.

Section 135 of the NIRC, as amended, provides distinct categories of sale of petroleum products that are exempt from excise tax, which may be the subject of a claim for tax refund when excise taxes were erroneously paid thereon, *viz.*:

> SEC. 135. *Petroleum Products Sold to International Carriers and Exempt Entities or Agencies.* — Petroleum products sold to the following are exempt from excise tax:
>
> (a) **International carriers of Philippine or foreign registry on their use or consumption outside the Philippines**: *Provided,* That the petroleum products sold to these international carriers shall be stored in a bonded storage tank and may be disposed of only in accordance with the rules and regulations to be prescribed by the Secretary of Finance, upon recommendation of the Commissioner;
>
> (b) **Exempt entities or agencies covered by tax treaties, conventions and other international agreements for their use or consumption**: *Provided, however,* That the country of said foreign international carrier or exempt entities or agencies exempts from similar taxes petroleum products sold to Philippine carriers, entities or agencies; and
>
> (c) **Entities which are by law exempt from direct and indirect taxes.**[68]

In this case, petitioner's sales subject of the refund claim for the taxable year 2020, are as follows:[69]

Particulars	Volume (In [Liters])
Sales to:	
International air carrier use	144,258,829
Domestic air carrier with tax exemption (Alphaland Aviation)	46,735
	144,305,564
Tax-exempt entity (Petron Singapore PTE)	2,434,102
[Total]	**146,739,666**

From the foregoing, petitioner's sales to international air carriers and its sales to Petron Singapore PTE fall under Section 135 (a) and (b) of the NIRC, as amended, while its sales to Alphaland Aviation fall under Section 135(c). Accordingly, petitioner's entitlement to an excise tax refund must be determined by applying

68 Emphasis Ours.
69 Table 18, Exhibit "P-50," Docket (CTA Case No. 10750) - Vol. 2, p. 637.

the specific requirements of Section 135 (a), (b), and (c) of the NIRC, as amended.

Petitioner's sales of imported and locally-produced Jet A-1 fuel to international carriers and exempt entities

To engage the application of excise tax exemption under Section 135 of the NIRC, as amended, on petitioner's sales of imported and locally-produced Jet A-1 fuel to international carriers and exempt entities, petitioner must establish the following requirements:

<u>*a. Sales to international carriers of Philippine or foreign registry on their use or consumption outside the Philippines under Section 135(a) of the NIRC, as amended*</u>

1. Proof of foreign registry of the international carrier, or in case of Philippine-registered air carriers, the latter's proof of authority to operate international flights;

2. Proof that the petroleum products were used or consumed outside the Philippines; and

3. Proof that the petroleum products were stored in a bonded storage tank and may be disposed of only in accordance with the rules and regulations to be prescribed by the Secretary of Finance, upon recommendation of the Commissioner.

In this regard, petitioner, presented the following:

(a) Certification issued by the Civil Aeronautics Board certifying that its customers: (1) have been issued a valid and existing Foreign Air Carrier's Permit to Operate International Air Transportation Services between the Philippines and their country of registration during the period of January 1, 2020 to December 31, 2020; and (2) that Philippine carriers have been issued a Certificate of Public Convenience and Necessity to operate domestic and international air transportation services during the period of January 1, 2020 to December 31, 2020;[70]

(b) Aviation Delivery Receipts (ADRs), which indicate among other things, the details of the Jet A-1 fuel deliveries made by petitioner to international air carriers, including the origin and destination of the aircrafts; and

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[70] Exhibit "P-123-1," USB (Exhibit "P-50-3").

(c) Commingling Permit No. LTAD II (P)-008-12-07-14268 dated December 20, 2007 that is renewed and valid from January 1, 2020 until December 31, 2020, which represents that petitioner's imported Jet A-1 fuel are stored and commingled along with locally manufactured Jet A-1 fuel. [71]

(d) Testimony of (1) Mr. Ronaldo A. Tadena[72] on storage, withdrawals and deliveries to clients supported by Shipment Schedules, Shore Tank Gauge Sheets, Withdrawal Certificates, Product Reconciliation Statements, and Cargo Outturn Certificates, which show the loading, delivery, and taxes paid on the fuel; and (2) Mr. Emmanuel Victor T. Tatoy on withdrawals from JOCASP/NAIA to international carriers evidenced by the Manual Official Register Book, Withdrawal Certificates, and Jet A-1 Liquidation Statements, which indicate the volumes delivered, dates, and receiving vessels.

b. Sales to exempt entities or agencies covered by tax treaties, conventions and other international agreements under Section 135(b) of the NIRC, as amended

1. Copy of tax treaty, convention and other international agreement showing that that the country of said foreign international carrier or exempt entities/agencies exempts from similar taxes petroleum products sold to Philippine carriers, entities or agencies; and

2. Proof that the petroleum products were used or consumed by the said entities or agencies.

For this purpose, petitioner submitted the following:

(a) Certification, issued by the Office of Treaties and Legal Affairs of the Department of Foreign Affairs, listing the Air Service Agreements or Air Transport Agreements and other agreements between the Philippines and the following countries/states that were in effect for the years 2019 and 2020;[73]

(b) Certified true copies of various treaties/agreements between the Philippines and other countries, showing that the country of said international carriers or exempt entities/agencies exempts from similar taxes petroleum products sold to Philippine carriers, entities or agencies;[74]

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71 Exhibit "P-5", Docket (CTA Case No. 10750) - Vol. 2, p. 837. See also Exhibit "P-100-2," USB (Exhibit "P-50-3").
72 Q&A No. 10 and 11, Exhibit "P-47," Docket (CTA Case No. 10750) - Vol. I, pp. 153 to 154.
73 Exhibit "P-123-2," USB (Exhibit "P-50-3").
74 Exhibit "P-100-19" to Exhibit "P-100-50."

(c) Certified true copy of the Memorandum of Association and Articles of Association of Petron Singapore Trading PTE. LTD., issued by Asst. Registrar of Companies & Business Names Singapore,[75] and the sales invoice showing sales volume of 2,434,102 liters;[76] and

(d) Aviation Delivery Receipts (ADRs), which indicate among other things, the details of the Jet A-1 fuel deliveries made by petitioner to international air carriers, including the origin and destination of the aircrafts.

c. Sales to entities which are by law exempt from direct and indirect taxes

1. Proof that the entity is by law exempt from direct and indirect taxes.

(a) petitioner submitted the Certificate of Registration and Tax Exemption Clark Business Registration No. C2018-044 of Alphaland Aviation-Pampanga, Inc., which is effective from 2018 January 10 until 2021 January 09.[77]

After verifying petitioner's claims and submissions, ICPA Dayego prepared a summary of sales in volume totaling 140,330,680 liters.[78] Our validation thereof disclosed that:

One. The following sales in volume of 3,974,884 liters should be disallowed for lack of proper substantiation, *viz.*:[79]

Particulars	Exhibit No.	Volume in Liters	Equivalent Excise Tax
Aviation Delivery Receipts (ADR)	"P-118"	140,330,680	₱561,322,720.00
Sales Invoice (Petron Singapore Trading PTE. LTD.)	"P-119-1-944"	2,434,102	9,736,408.00
		142,764,782	571,059,128.00
Sales per Schedule of excise taxes claimed for refund of or issuance of TCC prepared by the Petitioner	"P-101"	146,739,666	586,958,664.00
Downward adjustments		**(3,974,884)**	**(₱15,899,536.00)**

The disallowance of the difference of 3,974,884 liters pertains to the following reasons:[80]

Exhibit No.	Particulars	Volume in Liters	Equivalent Excise Tax
	Recommended for disallowances: 1. Local destination not covered by	2,923,633	₱11,694,532.00

[75] Exhibit "P-100-51," USB (Exhibit "P-50-3").
[76] Exhibits "P-119-1-944" and "P-108-1-104," USB (Exhibit "P-50-3").
[77] Exhibit "P-100-18," USB (Exhibit "P-50-3").
[78] Exhibit "P-118," USB (Exhibit "P-50-3").
[79] Table 20, Exhibit "P-50," Docket (CTA Case No. 10750) – Vol. 2, p. 642.
[80] Table 21, Exhibit "P-50," Docket (CTA Case No. 10750) – Vol. 2, p. 642.

	tax exemption		
	2. No destinations indicated	521,641	2,086,564.00
	3. Unsupported ADR	264,263	1,057,052.00
	4. Out-of-period ADR Date	177,410	709,640.00
	5. Unreadable	61,750	247,000.00
	6. No date and no signature	26,187	104,748.00
"P-119"/ Table 20		**3,974,884**	**₱15,899,536.00**

Two. Out of the total ADRs examined by the ICPA Dayego, with a total sales volume of 140,330,680 liters, ADRs traced to the CAB and DFA Certifications showed a total sales volume of only 139,233,005 liters.[81] Upon examination, the total volume in liters for ADRs traced to CAB and DFA Certifications should be 139,201,149. Thus, the difference of 1,129,531 liters (140,330,680 less 139,201,149) should likewise be disallowed.

Three. Further examination of the ADRs traced to the CAB and DFA Certifications shows that the following sales of 1,080,410 liters should likewise be disallowed due to failure to meet the requirements to prove the foreign registry of the international carrier or, in the case of Philippine-registered air carriers, the latter's proof of authority to operate international flights, as summarized below:

PER ADR (Exhibit No. "P-118")						Traced to Certifications?	
Exhibit No.	**Date**	**ADR No.**	**Client/ Customer**	**Destination**	**Volume in Liters**	**CAB**	**DFA**
"P-118-1-3"	June 07, 2020	0011064	AIR CALEDONIE	Nadi	58,172	No	No
"P-118-1-247"	Sep. 03, 2020	NA1302-0-0014111	AIR MACAU	Macau	4,506	No	No
"P-118-1-248"	Sep. 12, 2020	NA1302-0-0014484	AIR MACAU	Macau	7,357		
"P-118-1-290"	Feb. 07, 2020	0003527	CAL CARGO AIRILINES	Belgium	123,121	No	country of registry not known
"P-118-1-309"	Jan. 23, 2020	0001508	CARGOLOGICAIR	Hongkong	16,231	No	country of registry not known
"P-118-1-1108"	July 12, 2020	NA1302-0-0012491	HIMALAYA AIRLINES	Tribhuvan	18,956	No	No
"P-118-1-1416"	June 05, 2020	0010958	JC INTERNATIONAL AIRLINES	Phnom Penh	8,598	No	country of registry not known
"P-118-1-1417"	June 19, 2020	0011527	JC INTERNATIONAL AIRLINES	Phnom Penh	8,165		
"P-118-1-1418"	July 31, 2020	0013074	JC INTERNATIONAL AIRLINES	Cambodia	8,523		
"P-118-1-1419"	Aug. 04, 2020	0013263	JC INTERNATIONAL AIRLINES	Cambodia	7,806		
"P-118-1-2021"	July 31, 2020	0013064	PACIFIC FLIGHT	Singapore	3,200	No	country of

81 Exhibit "P-123," USB (Exhibit "P-50-3").

			SERVICES				registry not known
"P-118-1-2022"	Sep. 18, 2020	NA1302-0-0014667	PACIFIC FLIGHT SERVICES	Singapore	2,805		
"P-118-1-2023"	Sep. 22, 2020	NA1302-0-0014849	PACIFIC FLIGHT SERVICES	Singapore	3,103		
"P-118-1-2024"	Sep. 23, 2020	NA1302-0-0014868	PACIFIC FLIGHT SERVICES	Singapore	3,526		
"P-118-1-3916"	Mar. 05, 2021	NA1302-0-0022741	SILKWAY WEST AIRLINES	Hongkong	17,958	No	No
"P-118-1-4026"	June 07, 2020	0011062	SMARTWINGS	Saigon	182		
"P-118-1-4027"	June 08, 2020	0011083	SMARTWINGS	Saigon	3,931		
"P-118-1-4028"	June 08, 2020	0011113	SMARTWINGS	Saigon	703	No	country of registry not known
"P-118-1-4029"	June 21, 2020	0011648	SMARTWINGS	Subhash Chandra Bose	13,773		
"P-118-1-4030"	July 03, 2020	NA1302-0-0012082	SMARTWINGS	India	19,843		
"P-118-1-4031"	Mar. 16, 2021	NA1302-0-0023330	SOLOMON AIRLINES	Kuching	18,025	No	No
"P-118-1-4038"	June 11, 2020	0011222	SRI LANKAN AIRLINES	Colombo	42,191	No	No
"P-118-1-4062"	June 20, 2020	0011599	VIETJET AIR	Ho Chi Minh	7,635		
"P-118-1-4063"	Sep. 04, 2020	NA1302-0-0014166	VIETJET AIR	Camranh	4,353		
"P-118-1-4064"	Sep. 06, 2020	NA1302-0-0014271	VIETJET AIR	Caniho Vietnam	5,775		
"P-118-1-4065"	Sep. 09, 2020	NA1302-0-0014336	VIETJET AIR	Saigon	6,677	No	country of registry not known
"P-118-1-4066"	Sep. 09, 2020	NA1302-0-0014350	VIETJET AIR	Saigon	6,503		
"P-118-1-4067"	Sep. 10, 2020	NA1302-0-0014388	VIETJET AIR	Saigon	5,704		
"P-118-1-4068"	Sep. 15, 2020	NA1302-0-0013516	VIETJET AIR	Caniho Vietnam	7,987		
"P-118-1-4144"	Jan. 16, 2020	18	CATHAY DRAGON	HKG	4,080		
"P-118-1-4145"	Jan. 17, 2020	44	CATHAY DRAGON	HKG	1,270		
"P-118-1-4146"	Jan. 18, 2020	49	CATHAY DRAGON	HKG	3,040	No	country of registry not known
"P-118-1-4148"	January 20, 2020	80	CATHAY DRAGON	HKG	1,430		
"P-118-1-4149"	Jan. 21, 2020	93	CATHAY DRAGON	HKG	3,470		
"P-118-1-4689"	Aug. 14, 2020	PB1101-0-0000860	SOUTH AFRICAN AIRWAYS	FAOR O R TAMBO	2,362		
"P-118-1-4690"	Aug. 14, 2020	PB1101-0-0000859	SOUTH AFRICAN AIRWAYS	FAOR O R	30,810	No	No
"P-118-1-4691"	Aug. 14, 2020	PB1101-0-0000858	SOUTH AFRICAN AIRWAYS	FAOR O R TAMBO	42,330		
"P-118-1-4692"	Aug. 13, 2020	PB1101-0-0000857	SOUTH AFRICAN AIRWAYS	FAOR O R TAMBO	14,459		

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"P-118-1-4693"	Aug. 13, 2020	PB1101-0-0000856	SOUTH AFRICAN AIRWAYS	OR TAMBO	32,475		
"P-118-1-4694"	Aug. 13, 2020	PB1101-0-0000854	SOUTH AFRICAN AIRWAYS	FAOR-OR	20,428		
"P-118-1-4695"	Aug. 13, 2020	PB1101-0-0000849	SOUTH AFRICAN AIRWAYS	PVG/ ZSPD	28,567		
"P-118-1-4696"	Aug. 13, 2020	PB1101-0-0000848	SOUTH AFRICAN AIRWAYS	PVG/ ZSPD	34,560		
"P-118-1-4697"	Aug. 22, 2020	PB1101-0-0000909	SOUTH AFRICAN AIRWAYS	PVG/ ZSPD	32,200		
"P-118-1-4698"	Aug. 22, 2020	PB1101-0-0000908	SOUTH AFRICAN AIRWAYS	PVG/ ZSPD	28,886		
"P-118-1-4699"	Aug. 22, 2020	PB1101-0-0000907	SOUTH AFRICAN AIRWAYS	PVG/ ZSPD	24,160		
"P-118-1-4700"	Aug. 22, 2020	PB1101-0-0000906	SOUTH AFRICAN AIRWAYS	ZSPD	25,702		
"P-118-1-4701"	Aug. 23, 2020	PB1101-0-0000915	SOUTH AFRICAN AIRWAYS	JNB/FAOR OR TAMBO INTL	28,182		
"P-118-1-4702"	Aug. 23, 2020	PB1101-0-0000918	SOUTH AFRICAN AIRWAYS	JNB	10,274		
"P-118-1-4703"	Aug. 23, 2020	PB1101-0-0000916	SOUTH AFRICAN AIRWAYS	JNB	40,000		
"P-118-1-4704"	Aug. 23, 2020	PB1101-0-0000917	SOUTH AFRICAN AIRWAYS	JNB	34,900		
"P-118-1-4705"	Aug. 23, 2020	PB1101-0-0000919	SOUTH AFRICAN AIRWAYS	JNB	33,537		
"P-118-1-4706"	Aug. 23, 2020	PB1101-0-0000920	SOUTH AFRICAN AIRWAYS	JNB	8,916		
"P-118-1-4707"	Aug. 24, 2020	PB1101-0-0000927	SOUTH AFRICAN AIRWAYS	ZSPD	34,532		
"P-118-1-4708"	Aug. 24, 2020	PB1101-0-0000928	SOUTH AFRICAN AIRWAYS	ZSPD	34,148		
"P-118-1-4709"	Aug. 24, 2020	PB1101-0-0000929	SOUTH AFRICAN AIRWAYS	ZSPD	34,537		
"P-118-1-4710"	Aug. 24, 2020	PB1101-0-0000930	SOUTH AFRICAN AIRWAYS	PVG/ ZSPD	29,610		
"P-118-1-6048"	Mar. 24, 2020	3819	SMARTWINGS	Thailand	9,649	No	country of registry not known
"P-118-1-6114"	Mar. 01, 2020	PW1211-0-0000807	VISTA JET LIMITED	UAAA	16,587	No	country of registry not known
				TOTAL	**1,080,410**		

Four. Petitioner's sales to Royal Air Philippines in the volume of 1,346 liters should be excluded for the reason that the destination of the aircraft cannot be determined as the corresponding ADR only indicates "ferry flight."[82]

Summing up Our observations, petitioner's sales to international carriers and exempt entities per ADRs and Sales Invoices for the period from January 1, 2020, to December 31, 2020, which are properly supported, amount to 140,553,495 liters, calculated as follows:

	Sales (Volume in Liters)			
	International air carriers	Domestic air carrier with tax exemption (Alphaland Aviation)	Tax-exempt entity (Petron Singapore PTE)	Total
Claim	**144,258,829**	**46,735**	**2,434,102**	**146,739,666**
Supported by ADRs/Sales Invoice (Exhibit "P-118")	140,290,887	39,793	2,434,102	142,764,782
Unsupported sales (Table 21, Exhibit "P-50")	*3,967,942*	*6,942*	-	*3,974,884*
Supported by ADRs/Sales Invoice	140,290,887	39,793	2,434,102	142,764,782
Traced to CAB & DFA Certifications (Exhibit "P-123")	139,162,896	38,253	2,434,102	141,635,251
Not supported by certifications	*1,127,991*	*1,540*	-	*1,129,531*
Additional disallowance found by the Court:				
Not supported by certifications	1,080,410	-	-	1,080,410
Destination of aircraft not indicated	1,346	-	-	1,346
Total	*1,081,756*	-	-	*1,081,756*
Total disallowances	**6,177,689**	**8,482**	-	**6,186,171**
Properly supported sales	**138,081,140**	**38,253**	**2,434,102**	**140,553,495**

Excise taxes paid on the imported and locally-produced Jet A-1 fuel

Excise Taxes Paid on Imported Jet A-1 Fuel

Petitioner paid excise taxes for imported Jet A-1 fuel for the period January 1, 2020 to December 31, 2020 as follows:[83]

82 Exhibit "P-118-1-5060," USB (Exhibit "P-50-3").
83 Table 2, Exhibit "P-50," Docket (CTA Case No. 10750) - Vol. 2, pp. 626 to 627.

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SAD No.[84]	Importation/ Arrival Date*	Dates of Payment: Tentative Assessment	Dates of Payment: Final Assessment	Volume[85] (In Liters)	Amount of Excise Tax
6WOA2000003	Jan. 4, 2020	Jan. 7, 2020	Feb. 26, 2020	16,808,233	₱67,232,932.00
6WOA2000008	Jan. 14, 2020	Jan. 16, 2020	Feb. 27, 2020	18,514,200	74,056,800.00
6WOA2000011	Jan. 22, 2020	Jan. 23, 2020	June 24, 2020	17,831,506	71,326,024.00
6WOA2000021	Feb. 6, 2020	Feb. 7, 2020	Sep. 1, 2020	17,462,283	69,849,132.00
6WOA2000041	Mar. 16, 2020	Mar. 18, 2020	-	17,658,144	70,632,576.00
6WOA2000071	June 18, 2020	June 23, 2020	Oct. 29, 2020	12,610,103	50,440,412.00
6WOA2000100	July 26, 2020	July 29, 2020	Oct. 29, 2020	18,393,817	73,575,268.00
6WOA2000119	Aug. 13, 2020	Aug. 17, 2020	Nov. 26, 2020	15,324,971	61,299,884.00
6WOA2000153	Sep. 25, 2020	Sep. 28, 2020	Nov. 26, 2020	17,714,548	70,858,192.00
Total				**152,317,805**	**₱609,271,220.00**

**Arrival date is considered the last day when the imported Jet A-1 fuel was fully discharged from the cargo vessel to the Petitioner's storage tanks in Petron Bataan Refinery (PBR).*

The foregoing importations are likewise supported by Statements of Settlement of Taxes and Duties,[86] Customs Payment Receipts,[87] and Authority to Release Imported Goods (ATRIGs).[88]

ICPA Dayego noted that of the total volume of 152,317,805 liters, 132,222,571 liters of imported Jet A-1 fuel are subject to the refund claim. The difference of 20,095,234 liters pertains to imported Jet A-1 fuel sold to domestic carriers not related to the refund claim.[89]

We also note the difference found by ICPA Dayego between volumes of Jet A-1 fuel per importation documents as compared with the Certificates (CIS), thus:[90]

Vessel	Per Importation Documents – Final Volume (From Table 4): US Barrels at 60°F (a)	Per Importation Documents – Final Volume (From Table 4): Liters at Air (b)	Per CIS (Actual Volume Received): US Barrels at 60°F (c)	Per CIS (Actual Volume Received): Liters at Air (d)	Difference: US Barrels at 60°F (e) = (a) – (c)	Difference: Liters at Air (f) = (b) – (d)
6WOA2000003	104,657,080	16,808,233	104,657,080	16,808,233	-	-
6WOA2000008	114,030,000	18,514,200	114,047,420	18,424,775	(17,420)	89,425
6WOA2000011	110,912,520	17,831,506	110,912,520	17,831,506	-	-
6WOA2000021	108,143,000	17,462,283	107,884,690	17,396,714	258,310	65,569
6WOA2000041	109,907,000	17,658,144	109,646,770	17,640,402	260,230	17,742
6WOA2000071	78,074,730	12,610,103	78,074,730	12,610,103	-	-
6WOA2000100	113,877,000	18,393,817	113,802,130	18,370,915	74,870	22,902
6WOA2000119	94,980,910	15,324,971	94,117,120	15,179,514	863,790	145,457
6WOA2000153	109,772,000	17,714,548	109,580,320	17,700,906	191,680	13,642
Total	**944,354,240**	**152,317,805**	**942,722,780**	**151,963,068**	**1,631,460**	**354,737**

84 Exhibits "P-104-1-1" to "P-104-1-9," USB (Exhibit "P-50-3").
85 Exhibits "P-103-3-1" to "P-103-3-9," USB (Exhibit "P-50-3").
86 Exhibits "P-104-2-1" to "P-104-2-9," USB (Exhibit "P-50-3").
87 Exhibits "P-104-3-1" to "P-104-3-9," USB (Exhibit "P-50-3").
88 Exhibits "P-104-4-1" to "P-104-4-9," USB (Exhibit "P-50-3").
89 Exhibit "P-50," Docket (CTA Case No. 10750) – Vol. 2, p. 627.
90 Table 5, Exhibit "P-50," Docket (CTA Case No. 10750) – Vol. 2, p. 627.

ICPA Dayego found discrepancies between the volumes reflected in importation documents and the actual volumes received per Certificates of Inspection (CIS), resulting in a net variance of 354,737 liters. As per ICPA Dayego, petitioner explained that these differences were due to normal factors such as temperature, density, and measurement conditions. Any excess volume required additional tax payment, while any shortfall resulted in absorbed losses, with no corresponding refund from the BOC. This difference does not affect the Petitioner's claim for refund since the refund claim was lower than the amount actually paid.

Excise Taxes Paid on Locally-produced Jet A-1 Fuel

An examination of the summary of Electronic Tax Returns (ETRs)[91] for the period from January to December 2020 shows that petitioner paid the following excise taxes, *viz.*:[92]

Petroleum Products	Volume in Liters	Excise tax
Jet A-1 Fuel	119,142,660.54	₱ 476,644,797.90
Others	10,248,372,632.66	73,071,103,849.96
Total	**10,367,515,293.20**	**₱ 73,547,748,647.86**

It is also noted that per ETR filed on January 2, 2020, petitioner had an excise tax payment balance carried over from previous return of ₱592,836,827.98,[93] while its ETR for December 31, 2020 shows a balance to be carried over to next return of ₱863,643,674.75.[94]

On the other hand, a summary of petitioner's Product Replenishment Debit Memos [95] (BIR Form No. 2331) shows a beginning balance of ₱77,843,820.00, additions of ₱1,320,000,000.00, and an ending balance of ₱39,796,180.00.[96]

For the locally-produced Jet A-1 fuel, ICPA Dayego summarized petitioner's excise taxes payments on the following withdrawals:[97]

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91 Exhibits "P-109-1" to "P-109-5632," USB (Exhibit "P-50-3").
92 Exhibit "P-109," USB (Exhibit "P-50-3").
93 Exhibit "P-109-1," USB (Exhibit "P-50-3").
94 Exhibit "P-109-5627," USB (Exhibit "P-50-3").
95 Exhibits "P-111-1" to "P-111-21," USB (Exhibit "P-50-3").
96 Exhibit "P-111," USB (Exhibit "P-50-3").
97 Tables 10 and 11, Exhibit "P-50," Docket (CTA Case No. 10750) - Vol. 2, pp. 630 to 631.

Particulars	Total PBR-SOPD	Less: Other Excisable Products -Not Related to the Claim	JET A-1 Total	JET A-1 Imported	JET A-1 Locally Produced
Per WC/PBR-SOPD (Exhibit No. "P-110")*	3,930,647,483	3,460,252,127	471,946,173	148,622,373	323,323,800
Per ETR (Exhibit No. "P-109")**			166,223,013	148,622,373	17,600,640
PRDM (Exhibit No. "P-111")			305,723,160	-	305,723,160
			471,946,173	148,622,373	323,323,800
Difference			-	-	-

* *SAP-generated PBR-SOPD marked as* ***Exhibit Nos. "P-110-1" to "P-110-256"***
** *ETR marked as* ***Exhibit Nos. "P-109-1" to "P-109-5632"***

Particulars	Jet A-1 Fuel Imported	Locally Produced	Total
Total volume of removals from PBR per WC (in Liters)	148,622,373	323,323,800	471,946,173
Multiply by: Equivalent Excise Tax Rate per Liter	₱4.00	₱4.00	
Amount of excise tax that should have been paid in ETR/PRDM	₱ -	₱1,293,295,200	₱1,293,295,200
Actual amount of excise tax due and paid on PBR removals per ETR/PRDM	-	1,293,295,200	1,293,295,200
Difference	₱-	₱-	₱-

Out of the total volume of locally produced of 323,323,800 liters, 14,517,095 liters were related to and part of the claim. The difference of 308,806,705 liters were either refunded thru PRC or sold to domestic airline carrier not related to nor part of the claim of refund.[98]

In fine, the excise taxes paid on the imported and locally-produced Jet A-1 fuel may be claimed for refund pursuant to Sections 129 and 135, of the NIRC, as amended.

Sales and delivery of locally-produced and imported fuel to international carriers and tax-exempt entities

Under Section 135 of the NIRC, as amended, petitioner must prove that the paid and claimed excise taxes on the petroleum products paid in taxable year 2020 were sold to international carriers and exempt entities.

98 Exhibit "P-50," Docket (CTA Case No. 10750) – Vol. 2, p. 631.

In this regard, petitioner avers that the following pieces of evidence prove that excise taxes on the locally-produced and imported Jet A-1 are paid, and that the Jet A-1 was withdrawn from the Petron Bataan Refinery (PBR) and subsequently sold and delivered to international carriers and tax-exempt clients, to wit:

1. PBR Official Register Books (ORBs) signed by the BIR Revenue Officer on Premise[99] and SAP-Generated ORB[100] for the year 2020;
2. Withdrawal Certificates (WCs);[101]
3. ATRIGs;[102]
4. ETRs with Schedule 1 Summary of Removals and Excise Tax Due on Petroleum Products Chargeable against Payments;[103]
5. Cargo Outturn Certificates;[104]
6. Cargo Intake Certificates;[105]
7. Liquidation Statements (LS);[106]
8. Product Movement by Movement Type (PMMT)[107]
9. ADRs[108]
10. SIs;[109] and
11. Cash Receipts.[110]

We partly agree.

To properly understand the foundation of Our conclusion, it is necessary to elaborate on the movement of petitioner's Jet A-1 fuel from local production or importation including the payment of excise taxes due and withdrawal should to the delivery of the same to the international carriers and tax-exempt entities.

1. Volume of Jet A-1 in Petron Bataan Refinery (PBR)

The ORB of the Petron Bataan Refinery for the month of January 2020 shows a beginning balance of 22,190,632 liters, broken down as follows:[111]

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99 Exhibits "P-105-1-1" to "P-105-1-12," USB (Exhibit "P-50-3").
100 Exhibits "P-105-2-1" to "P-105-2-12," USB (Exhibit "P-50-3").
101 Exhibits "P-108-2-1" to "P-108-2-491," USB (Exhibit "P-50-3").
102 Exhibits "P-104-4-1" to "P-104-4-9," USB (Exhibit "P-50-3").
103 Exhibits "P-109-1" to "P-109-5632," USB (Exhibit "P-50-3").
104 Exhibits "P-108-1-1" to "P-108-1-290," USB (Exhibit "P-50-3").
105 Exhibits "P-107-1" to "P-107-9," USB (Exhibit "P-50-3").
106 Exhibits "P-116-1-1-1" to "P-116-8-1-1," USB (Exhibit "P-50-3").
107 Exhibits "P-106-1" to "P-106-12," "P-115-1-1" to "P-115-22-1," USB (Exhibit "P-50-3").
108 Exhibits "P-118-1-1" to "P-118-1-6116," USB (Exhibit "P-50-3").
109 Exhibits "P-119-1-1" to "P-119-944," USB (Exhibit "P-50-3").
110 Exhibits "P-122-1" to "P-122-20," USB (Exhibit "P-50-3").
111 Exhibits "P-105-1-1" and "P-105-2-1," USB (Exhibit "P-50-3").

Beginning Balance - January 2020:	Volume in Liters
Local	4,683,676
Imported	17,506,956
Total	**22,190,632**

A scrutiny of the summary of WCs reveals that 27,967,064 liters of imported Jet A-1 fuel were withdrawn from the PBR[112] before the date of the earliest Authority to Release Imported Goods (ATRIG) which was January 10, 2020.[113]

We disallow this withdrawal.

Any withdrawal from the PBR prior to this date is not covered by the importation upon which the claimed deliveries to international carriers and exempt entities were sourced.

2. *Withdrawal of Jet A-1 Fuel from PBR to various depots*

Per ORBs of the PBR, total removals of Jet A-1 fuel from importation and local production for the year 2020 is 494,230,699 liters.[114] The same were transferred to the following depots namely, (1) SL Harbor; (2) Navotas; (3) Rosario; (4) Palawan; (5) Mactan; (6) Iloilo; (7) Davao; (9) Tagoloan; and (10) Zamboanga, where petitioner's claim for refund were sourced.[115]

Excluding the volume of sales to Petron Singapore Trading PTE LTD, We adopt ICPA Dayego's findings on the movements of 452,332,199 liters of petitioner's locally manufactured and imported Jet A-1 fuel from the PBR to the various depots are as follows:[116]

	Per COC/WC -	Per Depot's LS-Receipts				Per Depot's PMMT-Receipts	
Depots	**Withdrawals from PBR (Exhibit No. P-108)**	**Exhibit No.**	**Gross Volume Received**	**In-transit Gain (Loss)**	**Net Volume to be Received**	**Exhibit No.**	**Volume Received by Depot**
Davao	5,685,682	"P-116-3"	5,685,682	(36,708)	5,648,974	"P-115-4"	5,648,974
Iloilo	13,151,210	"P-116-4"	13,151,210	(477,073)	12,674,137	"P-115-5"	12,674,137
Mactan	46,608,745	"P-116-5"	46,608,745	(262,458)	46,346,287	"P-115-8"	46,346,287
Palawan	3,800,643	"P-116-6"	3,800,643	249,614	4,050,257	"P-115-9"	4,050,257

112 Exhibits "P-108-2-2," "P-108-2-4" to "P-108-2-18," "P-108-2-227" to "P-108-2-234," and "P-108-2-456" to "P-108-2-459," USB (Exhibit "P-50-3").
113 Exhibit "P-104-4-1," USB (Exhibit "P-50-3").
114 Exhibit "P-105," USB (Exhibit "P-50-3").
115 Exhibit "P-50," Docket (CTA Case No. 10750) – Vol. 2, p. 623.
116 Tables 12 and 13, Exhibit "P-50," Docket (CTA Case No. 10750) – Vol. 2, p. 632.

Tagoloan	2,638,398	"P-116-2"	2,638,398	18,280	2,656,678	"P-115-16"	2,656,678
Zamboanga	3,618,433	"P-116-7"	3,618,433	596,372	4,214,805	"P-115-11"	4,214,805
DMIA/Clark	34,281,521	"P-116-1"	34,281,521	-	34,281,521	"P-115-2"	34,281,521
JOCASP	1,080,000		-	-	-		-
Navotas	38,571,985		38,571,985	(91,351)	38,480,634	"P-115-12"	38,480,634
Rosario	4,831,987		4,831,987	(15,405)	4,816,582	"P-115-13"	4,816,582
Harbor	298,063,595		298,063,595	(213,510)	297,850,085	"P-115-14"	297,850,085
	341,467,567	"P-116-8"	341,467,567	(320,266)	341,147,301		341,147,301
Total	**452,332,199**		**451,252,199**	**(232,239)**	**451,019,960**		**451,019,960**

	Per Depot's PMMT-Receipts				Per Depot's ORB-Receipts			
Depots	**Exhibit No.**	**Volume Received by Depot**	**Not Related to claim**	**Total**	**Exhibit No.**	**Related to Claim**	**Not Related to claim**	**Total**
Davao	"P-115-4"	5,648,974	2,806,728	8,455,702	"P-114-4"	5,648,974	2,811,642	8,460,616
Iloilo	"P-115-5"	12,674,137	2,323,574	14,997,711	"P-114-5"	12,674,137	2,324,511	14,998,648
Mactan	"P-115-8"	46,346,287	12,255,279	58,601,566	"P-114-8"	46,346,287	13,018,852	59,365,139
Palawan	"P-115-9"	4,050,257	620,315	4,670,572	"P-114-9"	4,050,257	602,028	4,652,285
Tagoloan	"P-115-16"	2,656,678	581,773	3,238,451	"P-114-15"	2,656,678	582,241	3,238,919
Zamboanga	"P-115-11"	4,214,805	-	4,214,805	"P-114-11"	4,214,805	720	4,215,525
DMIA/Clark	"P-115-2"	34,281,521	1,333,479	35,615,000	"P-114-2"	34,281,521	1,473,389	35,754,910
JOCASP		-	-	-		-	-	-
Navotas	"P-115-12"	38,480,634	2,133,131	40,613,765	"P-114-12"	38,480,634	2,133,424	40,614,058
Rosario	"P-115-13"	4,816,582	-	4,816,582	"P-114-13"	4,816,582	520	4,817,102
Harbor	"P-115-14"	297,850,085	28,804,207	326,654,292	"P-114-14"	297,850,085	28,762,925	326,613,010
		341,147,301	30,937,338	372,084,639		341,147,301	30,896,869	372,044,170
Total		**451,019,960**	**50,858,486**	**501,878,446**		**451,019,960**	**51,710,252**	**502,730,212**

Thus, after reconciliation and accounting for in-transit losses of 232,239 liters, only 451,019,960 liters confirmed received by the depots.

We also found that there is a discrepancy of 6,327,103 liters when the foregoing volume of removals is compared with the WCs:[117]

		Jet A-1 Fuel		
Particulars	**Exhibit No.**	**Related Depots**	**Other Depots**	**Total**
Per PBR-ORB – Removals and COC	**"P-108"**			
Davao Depot		5,685,682	-	5,685,682
Iloilo Depot		13,151,210	-	13,151,210
Mactan Depot		46,608,745	-	46,608,745
Palawan Depot		3,800,643	-	3,800,643
Tagoloan Depot		2,638,398	-	2,638,398
Zamboanga Depot		3,618,433	-	3,618,433
DMIA/Clark Depot		34,281,521	-	34,281,521
Navotas Depot		38,571,985	-	38,571,985
Rosario Depot		4,831,987	-	4,831,987
Harbor Depot		298,063,595	-	298,063,595
JOCASP		1,080,000	-	1,080,000

117 Table 8, Exhibit "P-50," Docket (CTA Case No. 10750) – Vol. 2, p. 629. See also Exhibit "P-108," USB (Exhibit "P-50-3").

Particulars	Exhibit No.	Jet A-1 Fuel Related Depots	Other Depots	Total
Petron Singapore Trading PTE LTD (Export)		18,391,527	-	18,391,527
Others		-	23,506,973	23,506,973
		470,723,726	23,506,973	494,230,699
Per WC	**"P-110"**	464,396,623	23,506,973	487,903,596
Difference		**6,327,103**	**-**	**6,327,103**

ICPA Dayego noted that the difference in volume totalling 6,327,103 liters pertains to the WCs which were not provided due to time constraint. Hence, the same should be disallowed for being unsupported. The details of the said WCs are as follows:[118]

Depot/ Customer Name	Volume per COC	Volume Directly Related to Claim	Excise Tax (Volume x ₱4.00)	Traced to Exhibit No.
Navotas depot	1,551,497	1,189,635	₱ 4,758,540.00	P-125-7-1
MCIA depot	2,729,861	281,700	1,126,800.00	P-116-5-1
JOCASP	520,000	520,000	2,080,000.00	Not Traced
Iloilo depot	805,743	-	-	P-116-4-1
DMIA - Clark	720,000	-	-	P-116-1-1
Difference	**6,327,103**[119]	**1,991,335**	**₱7,965,340.00**	

3. *Transfer from Depots to into-plane (ITP) facilities and refuellers*

From the foregoing depots, petitioner's Jet A-1 fuel is subsequently transferred to another depot, into-plane (ITP) facilities and refueller before it is delivered to the international carrier or exempt entity:[120]

SAP Plant Code	Source Plant/Depot	SAP Plant Code	Destination Depot/Facility
1202	Rosario Terminal	1302	JOCASP/NAIA Depot
1210	Navotas depot	1302	JOCASP/NAIA Depot
1211	Palawan depot	-	Direct to Customer
1215	SL Harbor depot	1301	Laoag ITP
		1302	JOCASP/NAIA Depot
1304	DMIA/Clark depot	-	Direct to Customer
2307	Mactan depot	-	Direct to Customer
		2204	Tagbilaran ITP
2209	Iloilo depot	2301	Iloilo ITP
		2305	Kalibo ITP
3209	Davao depot	3302	Davao ITP
3203	Tagoloan depot	3303	Laguindingan (Cagayan) ITP
3205	Zamboanga depot	3301	Zamboanga refueller

118 Table 9, Exhibit "P-50," Docket (CTA Case No. 10750) - Vol. 2, p. 629. See also Exhibit "P-108," USB (Exhibit "P-50-3").
119 Should be 6,327,101.
120 Exhibit "P-50," Docket (CTA Case No. 10750) - Vol. 2, p. 623.

The aforementioned depots issued a total of 441,923,025 liters of petitioner's Jet A-1 fuel to another depot, ITP and refueller as shown hereafter:[121]

	Per Depot's LS-Issuance				Per Depot's PMMT-Issuance	
Depots	Exhibit No.	Related to Claim	Not Related to claim	Total	Exhibit No.	Volume Issued by Depot
Davao	"P-117-2"	67,948	8,415,479	8,483,427	"P-115-4"	8,483,427
Iloilo	"P-117-3"	3,924,652	9,925,348	13,850,000	"P-115-5"	13,850,000
Mactan	"P-117-4"	9,223,562	42,441,211	51,664,773	"P-115-8"	51,664,773
Tagoloan	"P-117-1"	17,649	4,074,311	4,091,960	"P-115-16"	4,091,960
Zamboanga	"P-117-5"	13,182	3,945,778	3,958,960	"P-115-11"	3,958,960
Navotas		34,958,000	3,657,205	38,615,205	"P-115-12"	38,615,205
Rosario		4,520,000	-	4,520,000	"P-115-13"	4,520,000
Harbor		78,918,849	237,819,851	316,738,700	"P-115-14"	316,738,700
	"P-117-6"	118,396,849	241,477,056	359,873,905		359,873,905
Total		**131,643,842**	**310,279,183**	**441,923,025**		**441,923,025**

	Per Depot's PMMT-Issuance				Per Depot's ORB-Issuance			
Depots	Exhibit No.	Volume Issued by Depot	Not Related to claim	Total	Exhibit No.	Volume Issued by Depot	Not Related to claim	Total
Davao	"P-115-4"	67,948	8,415,479	8,483,427	"P-114-4"	67,948	8,418,971	8,486,919
Iloilo	"P-115-5"	3,924,652	9,925,348	13,850,000	"P-114-5"	3,924,652	9,925,348	13,850,000
Mactan	"P-115-8"	9,223,562	42,441,211	51,664,773	"P-114-8"	9,223,562	43,338,066	52,561,628
Tagoloan	"P-115-16"	17,649	4,074,311	4,091,960	"P-114-15"	17,649	4,074,311	4,091,960
Zamboanga	"P-115-11"	13,182	3,945,778	3,958,960	"P-114-11"	13,182	3,945,778	3,958,960
Navotas	"P-115-12"	34,958,000	3,657,205	38,615,205	"P-114-12"	34,958,000	120,000	35,078,000
Rosario	"P-115-13"	4,520,000	-	4,520,000	"P-114-13"	4,520,000	-	4,520,000
Harbor	"P-115-14"	78,918,849	237,819,851	316,738,700	"P-114-15"	78,918,849	239,544,448	318,463,297
		118,396,849	241,477,056	359,873,905		118,396,849	239,664,448	358,061,297
Total		**131,643,842**	**310,279,183**	**441,923,025**		**131,643,842**	**309,366,922**	**441,010,764**

Based on the foregoing information, of the 441,923,025 liters total issuances of Jet A-1 fuel from petitioner's depots per ORB, LS, and PMMT, only 131,643,842 liters are related to petitioner's claim. The issuances are broken down as follows:[122]

		Per Depot LS-Issuances Subject to Claim					
Issuances – Depots to Another Depot/ ITP/ Refueller	**Exhibit No.**	**Locally Produced**	**Imported**	**Per SAP PMMT-Issuances Related to Claim (a)**	**Per Depots/ ITPs/ Refueller LS-Receipts (b)**	**Receiving ITP Exhibit No.**	**Direct Delivery to Customers (c)**
Davao depot to Davao ITP	"P-117-2"	67,948	-	67,948	67,948	"P-125-2"	-
Iloilo depot to:							
Iloilo ITP		2,534	13,817	16,351	16,351	"P-125-3"	-
Kalibo ITP		35,544	3,872,757	3,908,301	3,908,301	"P-125-4"	-
	"P-117-3"	38,078	3,886,574	3,924,652	3,924,652		-
Mactan depot to:							
Tagbilaran ITP		3,370	249,617	252,987	252,987	"P-125-5"	-
Customers		1,745,872	7,224,703	8,970,575	-		8,970,575
	"P-117-4"	1,749,242	7,474,320	9,223,562	252,987		8,970,575

121 Tables 14 and 15, Exhibit "P-50," Docket (CTA Case No. 10750) – Vol. 2, p. 635.
122 Tables 16 and 17, Exhibit "P-50," Docket (CTA Case No. 10750) – Vol. 2, p. 636.

Issuances – Depots to Another Depot/ ITP/ Refueller	Exhibit No.	Per Depot LS-Issuances Subject to Claim		Per SAP PMMT-Issuances Related to Claim (a)	Per Depots/ ITPs/ Refueller LS-Receipts (b)	Receiving ITP Exhibit No.	Direct Delivery to Customers (c)
		Locally Produced	Imported				
Tagoloan to Laguindingan (Cagayan) depot	"P-117-1"	17,649	-	17,649	17,649	"P-125-1"	-
Zamboanga depot to Zamboanga refueller	"P-117-5"	13,182	-	13,182	13,182	"P-125-6"	-
Navotas, Rosario and SL Harbor depot to:							
JOCASP/NAIA		11,809,053	106,567,716	118,376,769	118,376,769	"P-125-7"	
Laoag ITP		20,080	-	20,080	20,080	"P-125-8"	-
	"P-117-6"	11,829,133	106,567,716	118,396,849	118,396,849		
Total		**13,715,232**	**117,928,610**	**131,643,842**	**122,673,267**		**8,970,575**

ITP Name	Per ITP's PMMT-Receipts		Per ITP's ORB-Receipts		
	Exhibit No.	Related to Claim	ITP	Exhibit No.	Volume Received by ITP
Davao ITP	"P-115-18"	67,948	Davao ITP	"P-114-4"	67,948
Iloilo ITP	"P-115-19"	16,351	Iloilo ITP	"P-114-5"	16,351
Kalibo ITP	"P-115-6"	3,908,301	Kalibo ITP	"P-114-6"	3,908,301
Tagbilaran ITP	"P-115-10"	252,987	Tagbilaran ITP	"P-114-10"	252,987
Laguindingan (Cagayan) ITP	"P-115-3"	17,649	Laguindingan (Cagayan) ITP	"P-114-3"	17,649
Zamboanga ITP	"P-115-20"	13,182	Zamboanga ITP	"P-114-11"	13,182
JOCASP	"P-115-1"	118,376,769	JOCASP	"P-114-1"	118,376,769
Laoag ITP	"P-115-7"	20,080	Laoag ITP	"P-114-7"	20,080
Total		**122,673,267**			**122,673,267**

Thus, the issuances from the depots to another depot, ITP, or refueller per LS, PMMT, and ORB of the receiving facility tally at 122,673,267 liters, excluding the direct delivery to customers of 8,970,575 liters.

4. Delivery to petitioner's customers

From the depots, ITP, or refueller, petitioner's imported and locally manufactured Jet A-1 fuel is delivered to international carriers and exempt entities. Per their LS, PMMT, and ORB, 144,305,564 liters were issued:[123]

Depots/ITPs/ Refueller	Exhibit No.	Per LS – Receipts (Exhibit Nos. "P-116" and "P-125")			Per LS – Issuances (Exhibit Nos. "P-117" and "P-128")			
						Related to Claim		
		From Locally Produced	From Imported	Total Receipts	Exhibit No.	From Locally Produced	From Imported	Total

[123] Tables 18 and 19, Exhibit "P-50," Docket (CTA Case No. 10750) – Vol. 2, p. 638.

Depots/ITPs/ Refueller	Exhibit No.	Per LS – Receipts (Exhibit Nos. "P-116" and "P-125") From Locally Produced	From Imported	Total Receipts	Per LS – Issuances (Exhibit Nos. "P-117" and "P-128") Exhibit No.	Related to Claim: From Locally Produced	From Imported	Total
Davao ITP	"P-125-2"	67,948	-	67,948	"P-128-3"	67,948	-	67,948
JOCASP/NAIA	"P-125-7"	11,809,053	106,567,716	118,376,769	"P-128-9"	11,809,053	106,567,716	118,376,769
Laoag ITP	"P-125-8"	20,080	-	20,080	"P-128-10"	20,080	-	20,080
Iloilo ITP	"P-125-3"	2,534	13,817	16,351	"P-128-4"	2,534	13,817	16,351
Kalibo ITP	"P-125-4"	35,544	3,872,757	3,908,301	"P-128-5"	35,544	3,872,757	3,908,301
Tagbilaran ITP	"P-125-5"	3,370	249,617	252,987	"P-128-6"	3,370	249,617	252,987
Palawan ITP	"P-116-6"	17,263	31,090	48,353	"P-128-7"	17,263	31,090	48,353
Laguindingan (Cagayan) ITP	"P-125-1"	17,649	-	17,649	"P-128-2"	17,649	-	17,649
Zamboanga ITP	"P-125-6"	13,182	-	13,182	"P-128-8"	13,182	-	13,182
Mactan (MCIA)	"P-116-5"	1,745,872	7,224,703	8,970,575	"P-117-4"	1,745,872	7,224,703	8,970,575
DMIA/Clark	"P-116-1"	784,600	11,828,769	12,613,369	"P-128-1"	784,600	11,828,769	12,613,369
Total		**14,517,095**	**129,788,469**	**144,305,564**		**14,517,095**	**129,788,469**	**144,305,564**

ITP Name	Per ITP's PMMT-Issuance: Exhibit No.	Related to Claim	Per ITP's ORB-Issuance: ITP	Exhibit No.	Related to Claim
Davao ITP	"P-115-18"	67,948	Davao ITP	"P-114-4"	67,948
JOCASP-NAIA	"P-115-1"	118,376,769	JOCASP	"P-114-1"	118,376,769
Laoag ITP	"P-115-7"	20,080	Laoag ITP	"P-114-7"	20,080
Iloilo ITP	"P-115-19"	16,351	Iloilo ITP	"P-114-5"	16,351
Kalibo ITP	"P-115-6"	3,908,301	Kalibo ITP	"P-114-6"	3,908,301
Tagbilaran ITP	"P-115-10"	252,987	Tagbilaran ITP	"P-114-10"	252,987
Palawan ITP	"P-115-9"	48,353	Palawan ITP	"P-114-9"	48,353
Laguindingan (Cagayan) ITP	"P-115-3"	17,649	Laguindingan (Cagayan) ITP	"P-114-3"	17,649
Zamboanga ITP	"P-115-20"	13,182	Zamboanga ITP	"P-114-11"	13,182
Mactan (MCIA)	"P-115-8"	8,970,575	Mactan (MCIA)	"P-114-8"	8,970,575
DMIA/Clark	"P-115-2"	12,613,369	DMIA/Clark	"P-114-2"	12,613,369
Total		**144,305,564**			**144,305,564**

However, as previously discussed, petitioner substantiated the foregoing issuances with ADRs amounting only to 140,330,680 liters.[124]

Moreover, the volume of imported and locally-manufactured Jet A-1 fuel that has been traced from the PBR all the way to the depots, ITP, refueller, or direct delivery to its customers that is related to the claim is 131,643,842 liters. However, based on the issuances shown above, the depots, ITP, and refueller collectively issued more than what they received. Notably, the difference of 12,661,722 liters is not accounted for by petitioner:

	Volume in Liters
Received by depots, ITPs, refueller	131,643,842
Issued by depots, ITPs, refueller to international carriers	144,305,564
Difference	**(12,661,722)**

124 Tables 20 and 21, Exhibit "P-50," Docket (CTA Case No. 10750) – Vol. 2, p. 642.

After tracing the movement of the Jet A-1 fuel, ICPA Dayego summarized her findings as follows:[125]

Ref./ Table	Exhibit No.	Particulars	Volume (in Liters)	Excise Tax Amount
	"P-101"	**Amount of Claim per Schedule of Excise Tax Paid/Petition for Review**	**146,739,666**	**₱586,958,664**
4.f Table 9	**"P-108"**	**Less recommended for downward adjustments**		
		Unsupported WC:		
		Navotas depot	1,189,635	₱4,758,540.00
		MCIA depot	281,700	1,126,800.00
		JOCASP	520,000	2,080,000.00
		Sub-total	1,991,335	7,965,340.00
4.h Table 13	-	Not traced to PMMT, LS and ORB – JOCASP	560,000	2,240,000.00
4.k Table 21	**"P-119"**	Disallowance of ADRs:		
		Local destination not covered by tax exemption	2,923,633	11,694,532
		No destinations indicated	521,641	2,086,564
		Unsupported ADR	264,263	1,057,052
		Out-of-period ADR Date	177,410	709,640
		Unreadable	61,750	247,000
		No date and no signature	26,187	104,748
		Sub-total	3,974,884	15,899,536
		Total recommended for downward adjustments	6,526,219	26,104,876
Recommended for refund or issuance of TCC			**140,213,447**	**₱560,853,788**

In sum, considering the disallowances We found, along with the adoption of the disallowances made by ICPA Dayego, petitioner's refundable excise taxes paid on Jet A-1 fuel sold to international carriers and exempt entities for the period covering January 1, 2020 to December 31, 2020 is ₱389,493,496.00, computed as follows:

	Volume (in Liters)	**Excise Tax Amount**
Total Amount of Claim	**146,739,666**	**₱586,958,664.00**
Less: Disallowances per ICPA Dayego		
Unsupported Withdrawals	1,991,335	₱ 7,965,340.00
Withdrawals not traced to PMMT, LS, and ORB - JOCASP	560,000	2,240,000.00
Disallowed ADRS	3,974,884	15,899,536.00
Total Disallowances per ICPA Dayego	*6,526,219*	*₱ 26,104,876.00*
Disallowances per Our findings:		
ADRs not traced to certifications	1,129,531	₱ 4,518,124.00
Additional ADRs not supported by certifications	1,080,410	4,321,640.00
Destination of aircraft not indicated in ADR	1,346	5,384.00
Withdrawals before date of earliest ATRIG	27,967,064	111,868,256.00
Difference between fuel traced to depots, ITPs, and	12,661,722	

[125] Table 26, Exhibit "P-50," Docket (CTA Case No. 10750) - Vol. 2, p. 646.

refuellers vs fuel issued by depots, ITPs, and refuellers		50,646,888.00
Total Disallowances per Our findings	*42,840,073*	*₱ 171,360,292.00*
Total disallowances	**49,366,292**	**₱ 197,465,168.00**
Refundable excise taxes	**97,373,374**	**₱389,493,496.00**

WHEREFORE, the Petitions for Review are **PARTIALLY GRANTED**. Accordingly, respondent is **ORDERED** to **REFUND** in favor of petitioner in the total amount of **₱389,493,496.00**, representing petitioner's erroneously paid excise taxes for its imported and locally-produced Jet A-1 fuel for the periods from January 1, 2020 to June 30, 2020, and from July 1, 2020 to December 31, 2020, which were subsequently sold and delivered to various international carriers and tax-exempt entities.

SO ORDERED.

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

I CONCUR:

HENRY S. ANGELES
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.

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

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