23-000013-0061

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

CTA CASE NO. 11067

SYNGENTA PHILIPPINES, INC.,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

NOTICE OF DECISION

To:

OFFICE OF THE SOLICITOR GENERAL
134 Amorsolo St., Legazpi Village
Makati City

ATTY. AYESHA HANIA B. GUILING-MATANOG
ATTY. MARK JOEY S. LUCERO
Bureau of Internal Revenue
Room 703, Litigation Division, BIR National Office Building
Sen. Miriam P. Defensor-Santiago Avenue
Diliman, Quezon City

FORTUN NARVASA & SALAZAR
23rd Floor, Multinational Bancorporation Centre
6805 Ayala Avenue, Makati City

GREETINGS:

You are hereby notified by these presents that on **August 27, 2025,** a Decision was rendered in the above-entitled case, copy of which is attached hereto.

Quezon City, Philippines, **September 1, 2025.**

Atty. Margarette Y. Guzman
Executive Clerk of Court III

To REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

SYNGENTA PHILIPPINES, INC., Petitioner,	**CTA CASE NO. 11067**
	Members:
- versus -	**DEL ROSARIO,** *P.J., Chairperson,* **BACORRO-VILLENA,** *and* **CUI-DAVID,** *JJ.*
COMMISSIONER OF INTERNAL REVENUE, Respondent.	Promulgated: AUG 27 2025; 4:20PM

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DECISION

BACORRO-VILLENA, J.:

At bar is an Amended Petition for Review[1] filed by petitioner Syngenta Philippines, Inc. (**petitioner/Syngenta**) on 06 March 2023, invoking this Court's jurisdiction to review the inaction of respondent Commissioner of Internal Revenue (**respondent/CIR**) in cases involving refunds of internal revenue taxes, provided under Section 3(a)(2), Rule 4 of the Revised Rules of the Court of Tax Appeals (**RRCTA**). Specifically, petitioner seeks the refund of or issuance of a tax credit certificate (**TCC**) for ₱152,522,734.12, representing the Withholding Value-Added Tax (**WVAT**) and Final Withholding Tax (**FWT**) that it erroneously paid to the Bureau of Internal Revenue (**BIR**). According to petitioner, the payment was based on the erroneous computation of royalties on its sale of field corn seed with Bt-11 traits.

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[1] Division Docket, Volume II, pp. 757-788. The original Petition for Review was filed on 11 January 2023; see Division Docket, Volume I, pp. 6-23.

PARTIES TO THE CASE

Petitioner is a corporation organized and existing under Philippines laws, with principal office at the 9th Floor, One Griffinstone Building, Commerce Avenue corner Spectrum Midway Extension, Alabang, Muntinlupa City.[2] It is a wholly owned subsidiary of Syngenta Crop Protection AG[3] (**SCPAG**), a corporation duly organized and existing under the laws of Switzerland.[4] It is also registered with the BIR Revenue District Office (**RDO**) No. 116 – Regular Large Taxpayers Audit Division I under Tax Identification Number (**TIN**) 000-142-342-000.[5]

Respondent, on the other hand, is the duly appointed CIR, who is tasked to assess and collect all national internal revenue taxes, fees and charges, and enforce all forfeitures, penalties, and fines connected therewith, with authority, among others, to decide, approve and grant tax credits and/or refunds of erroneously paid taxes. Respondent may be served with summonses, legal processes, orders and resolutions at Room 703 Litigation Division, BIR National Office Building, BIR Road, Diliman, Quezon City.[6]

FACTS OF THE CASE

Petitioner was established in 1964 to manufacture and sell insecticides, fungicides, herbicides, seeds treatments, fertilizers, and other agricultural and environmental and public health related chemicals and products.[7]

In 2003, petitioner and its parent company, SCPAG (then Syngenta Seeds AG) entered into a *Corn Germplasm License Agreement*[8] (**Corn Germplasm License Agreement**) whereby SCPAG granted petitioner a license to use or utilize its proprietary rights, proprietary information, and trademarks to enable the latter to produce, promote, and commercialize SCPAG's commercial hybrid seed within the

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2 See Paragraph 1, Joint Stipulation of Facts and Issues (JSFI), id., Volume II, p. 1290.
3 General Information Sheet for 2022, Exhibit "P-11", id., Volume III, p. 1546.
4 Exhibit "P-13", id., pp. 1558-1559.
5 BIR Certificate of Registration, Exhibit "P-12", id., pp. 1554-1556.
6 See Par. 2, JSFI, id., Volume II, p. 1290.
7 Amended Articles of Incorporation dated 04 March 2022, Exhibit "P-10", id., Volume III, pp. 1530 and 1536.
8 Exhibit "P-14", id., pp. 1561-1571.

Philippines. In consideration of all the licenses granted, petitioner was to pay SCPAG a royalty equal to twelve percent (**12%**) of net sales from field corn, baby corn, waxy corn, and sweet corn varieties that were commercialized under the agreement.[9] This agreement covers the following field corn seeds varieties: NK 8840, NK 5468, and NK 5447.[10]

In 2008, petitioner and SCPAG also entered into a *Trait License Agreement (BT-11 Corn)*[11] (**Bt-11 Trait License Agreement**) whereby SCPAG granted to petitioner a license to produce and sell Bt-11 transgenic corn and use all related intellectual property within the Philippines. Bt-11 transgenic corn seeds contain genes which impart insect resistance in plants and tolerance to the herbicide glufosinate ammonium.[12] In consideration of the licenses granted, petitioner was to pay SCPAG royalty equal to five percent (**5%**) of the net sales for the licensed BT-11 Corn hybrid seed sold by petitioner under the agreement.[13]

In January 2021, petitioner and SCPAG amended their previous two (2) agreements which amendments were made effective 01 January 2020.

Relative to the first agreement, petitioner and SCPAG entered into an *Amendment to Corn Germplasm License Agreement*.[14] There, they agreed, among others, that for the field corn plant material (which are genetically modified (**GM**) by application of biotechnology, or with certain specific genes or other technologies), petitioner will pay SCPAG a royalty equal to twenty-five percent (**25%**) (from the previous 12%) of the net sales for the seed commercialized by petitioner under the agreement. The amendment also replaced the covered field corn seeds varieties, which is now composed of NK 306, NK 6410, NK 6414, NK 6443, NK 8840, NK 6505, NK 6270 and provides that the list of covered field corn seeds varieties may be changed from time to time and will be communicated by the parties.[15]

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9 Id., p. 1566.
10 Id., p. 1570.
11 Exhibit "P-16", id., pp. 1585-1596.
12 Id., p. 1585.
13 Id., p. 1590.
14 Exhibit "P-15", id., pp. 1575-1582.
15 Id., p. 1576.

Thereafter, petitioner and SCPAG also amended the *Bt-11 Trait License Agreement*[16] by increasing the royalty rate to twenty percent (**20%**) from the old rate of 5%.

The amendments were reflected in petitioner's CY 2020 Audited Financial Statements (**2020 AFS**)[17] where it is shown that petitioner reported revenue from sales of seeds amounting to ₱3,166,610,302.00. Petitioner claims that this amount included revenue from sales of GM corn field seeds amounting to ₱2,824,495,076.27, comprised of:[18]

Field Corn BT (GM)	Net Sales (in PHP)
NK6410 BTGT-MO BIB	1,357,427,133.40
NK8840 BGT-MO RIB	469,125,021.44
NK6414 BTGT-MO BIB	211,765,663.27
NK306 BTGT-MO BIB	172,618,397.19
NK6414 BGT-MO-RIB	46,164,342.58
NK6410 BTGT-MO BIB-TRD	19,819,043.24
NK306 BTGT-MO BIB-TRD	6,787,256.00
SSG398 BTGT-TRD	903,547.99
NK6514 BTGT-TRD	655,072.29
SSG278 BTGT-TRD	265,417.22
NK6414 BGT-MO RIB-TRD	47,668.50
Release of unutilized rebates provision	194,882,846.29
Release of unutilized sales returns provision	344,033,666.86
Total	**2,824,495,076.27**

Petitioner also reported royalty expense of ₱1,316,502,134.00 in its 2020 AFS[19], computed as follows:[20]

Description	Sweetcorn	Field Corn BT (GMO)	Rice	Total
	Amounts in PHP			
2020 Net Sales	4,629,110.79	**2,824,495,076.27**	165,799,701.90	2,994,923,888.96

[16] See Amendment to Trait License Agreement (Bt-11 Corn) signed in January 2021, Exhibit "P-17", id., pp. 1598-1600.
[17] Audited Financial Statements for CY 2020, Exhibit "P-20", id., p. 1691.
[18] Schedule of 2020 Net Sales of GM Field Corn Varieties, Exhibit "P-31", id., p. 1805.
[19] Exhibit "P-20", supra at note 17, p. 1692.
[20] Schedule of Royalties Reported, Exhibit "P-3", id., p. 1495.

1.5% Royalties under the Syngenta Brand License	69,436.55	42,367,426.14	2,486,995.53	44,923,858.33
12% Royalties under the *Corn Germplasm License Agreement*	555,493.29			555,493.29
25% Royalties for GMO under the *Corn Germplasm License Agreement*		706,123,769.07		706,123,769.07
20% Royalties under the *Bt-11 Trait License Agreement*		564,899,015.25		564,899,015.25
Total	624,929.96	1,313,390,210.47	2,486,995.53	**1,316,502,135.95**

On 11 January 2021, petitioner remitted WVAT to the BIR amounting to ₱163,329,393.31[21], computed as follows:

Description	**Amount (in PHP)**
Royalties during 2020	1,316,502,135.95
Add: 2019 Royalties billed in 2020	44,576,141.56
Total	1,361,078,277.51
Tax Rate	12%
WVAT	163,329,393.31

In addition to the WVAT, on 28 January 2021, it also remitted FWT to the BIR in the amount of ₱205,792,031.94. Out of this amount, ₱204,161,741.64 pertains to FWT withheld on petitioner's royalty payments to SCPAG, computed as follows:[22]

21 BIR Form 1600 and eFPS Payment Details, Exhibits "P-1" and "P-2", id., pp. 1490-1491 and 1493, respectively.

22 BIR Form 1601-FQ and eFPS Payment Details, Exhibits "P-4" and "P-5", id., pp. 1497-1498 and 1500, respectively.

Description	Amount (in PHP)
Royalties during 2020	1,316,502,135.95
Add: 2019 Royalties billed in 2020	44,576,141.56
Total	1,361,078,277.51
Tax Rate	15%[23]
FWT	204,161,741.63

Later, sometime in September 2021, petitioner realized that its 2020 revenues from Field Corn BT (GMO) amounting to ₱2,824,495,076.27 was subjected to both 25% royalty rate under the *Corn Germplasm License Agreement* amounting to ₱706,123,769.07 **and** 20% royalty rate under the *Bt-11 Trait License Agreement* amounting to ₱564,899,015.25.[24] To correct this, petitioner reversed the royalty expense of ₱564,899,015.25 and WVAT of ₱67,787,881.83 in its CY 2020 books and recognized the same amount as other income in CY 2021.[25] It also amended its 2021 income tax return (**ITR**) and reported the reversal of the royalty expense and WVAT as other income.[26]

In January 2022, petitioner and SCPAG terminated the *Bt-11 Trait License Agreement*.[27] On 29 December 2022, SCPAG returned the excess royalties (net of fifteen percent (15%) FWT and transfer fees) of ₱480,163,525.96.[28] On 09 January 2023, petitioner filed with the BIR two (2) Applications for Tax Credits/Refund (BIR Form No. 1914) to recover the alleged erroneously paid WVAT and FWT amounting to ₱67,787,881.83 and ₱84,734,852.29, respectively.[29]

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23 Petitioner presented the Certificate of Residence (for Tax Treaty Relief) and the corresponding attachments (including the certification issued by the tax authority of Switzerland proving that SCPAG is a resident of Switzerland) that it submitted to the BIR on 23 April 2021. Thus, SCPAG's royalty income may be subject to 15% FWT pursuant to the Philippines-Switzerland Tax Treaty in relation to Sections 28(B)(1) and 32(B)(5) of the NIRC of 1997, as amended.

24 Electronic mail dated 24 September 2021, Exhibit "P-22", id., p. 1724.

25 Income Statement, Audited Financial Statements for CY 2021 (2021 AFS), Exhibit "P-23", id., p. 1735.

26 Amended ITR for TY 2021, Exhibit "P-24", id., p. 1784.

27 Termination Agreement to the Trait Licensing Agreement (Bt-11 Corn), Exhibit "P-26", id., p. 1790.

28 Citibank's Credit Advice dated 29 December 2022 and Citibank's Certification notarized on 16 February 2023, Exhibits "P-27" and "P-30", respectively, id., pp. 1792-1793 and 1803, respectively.

29 Exhibits "P-7" and "P-8", id., pp. 1519 and 1521, respectively.

PROCEEDINGS BEFORE THE COURT

To toll the two (2)-year prescriptive period under Section 229[30] of the National Internal Revenue Code (**NIRC**) of 1997, as amended, petitioner elevated the matter to this Court by filing the instant Petition for Review[31] on 11 January 2023. The case was raffled to the Second Division and docketed as CTA Case No. 11067.

On 01 February 2023, the Court issued Summons[32] ordering respondent to file an Answer within thirty (30) days from service. Respondent received the Summons on 02 February 2023.[33] On the same day, the Court also ordered petitioner to submit the judicial affidavits of its intended witnesses within ten (10) days from receipt.[34]

On 16 February 2023, petitioner filed a motion praying for additional five (5) days or until 21 February 2023 to submit the judicial affidavits of its witnesses.[35] Later, on 21 February 2023, it filed another motion praying for another additional five (5) days or until 26 February 2023 to submit the judicial affidavits.[36] On 22 February 2023, the Court granted petitioner's 16 February 2023 motion.[37] Yet again on 27 February 2023, petitioner filed a motion praying for additional five (5) days or until 04 March 2023 to file the judicial affidavits.[38] On 28 February 2023, the Court granted its 21 February 2023 motion.[39]

Meanwhile, on 03 March 2023, respondent filed a motion (**03 March 2023 Motion**) praying for additional 30 days or until 03 April 2023 to file his Answer.[40]

On 06 March 2023, petitioner filed an Amended Petition for Review[41], together with the judicial affidavits of its witnesses.

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30 SEC. 229. *Recovery of Tax Erroneously or Illegally Collected.*
31 Division Docket, Volume I, pp. 6-23.
32 Id., Volume II, p. 619.
33 See Notification dated 14 February 2023, id., p. 620.
34 See Resolution dated 01 February 2023, id., pp. 617-618.
35 Id., pp. 621-622.
36 Id., pp. 624-626.
37 See Resolution dated 22 February 2023, id., p. 628.
38 Id., pp. 629-630.
39 See Resolution dated 28 February 2023, id., p. 632.
40 Id., pp. 633-636.
41 Supra at note 1.

On 15 March 2023, the Court granted the CIR's 03 March 2023 Motion and ordered respondent to transmit to it the entire BIR case records within 10 days from the filing of his Answer.[42]

On 29 March 2023, considering the filing of the amended petition, the Court gave respondent a fresh period of 30 days to file his answer thereto.[43]

On 03 April 2023, respondent filed his or her Answer to the petition.[44] The CIR raised as defense that: (**a**) taxes paid and collected are presumed to have been made in accordance with law and implementing regulations, hence, not refundable; (**b**) the Court has no jurisdiction because respondent was not given ample opportunity to examine the administrative claim for refund considering that petitioner filed its administrative claim on 09 January 2023 and then filed its judicial claim with the Court two (2) days later; (**c**) the rules are to be relaxed only in the interest of justice and to benefit the deserving; and (**d**) assuming that the Court has jurisdiction, petitioner failed to exhaust all available administrative remedies.

Respondent submitted the BIR Records on the same day he or she filed the Answer.[45]

On 26 May 2023, the Court issued the Notice of Pre-trial Conference setting the pre-trial on 03 October 2023 and ordering the parties to file their pre-trial briefs within three (3) days before the pre-trial. It also ordered the parties to submit the judicial affidavits of their witnesses not later than five (5) days before the pre-trial.[46]

In the meantime, on 29 May 2023, pursuant to Administrative Circular No. 01-2023 (Reorganizing the Divisions of the Court) dated 23 May 2023, the case was transferred to the First Division.[47]

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42 See Resolution dated 15 March 2023, Division Docket, Volume II, p. 873.
43 See Resolution dated 29 March 2023, id., pp. 875-876.
44 The Answer filed was for the original petition but was also adopted (as the Answer) for the Amended Petition. Id., pp. 877-890.
45 See Compliance dated 03 April 2023, id., pp. 892-894.
46 Id., pp. 898-899.
47 Id., p. 897.

On 25 September 2023, respondent filed his Pre-trial Brief[48], while petitioner filed its Pre-trial Brief on 29 September 2023.[49]

During the 03 October 2023 Pre-Trial Conference, the Court granted both parties forty (40) days, or until 13 November 2023, within which to file their Joint Stipulation of Facts and Issues (**JSFI**).[50]

During the Commissioner's Hearing[51] on 11 October 2023, petitioner presented its exhibits for comparison and marking. Respondent stipulated that: (**a**) Exhibits "P-1", "P-3", "P-22", "P-24", "P-25", "P-27","P-28", and "P-31" are original computer print-outs[52]; (**b**) Exhibits "P-2", "P-4", "P-5", "P-6", "P-7", "P-8", "P-9", "P-13", "P-14", "P-15", "P-17", "P-18", "P-19", "P-21", "P-26", "P-29", "P-30", "P-34", and "P-38" are faithful reproductions of the original documents.[53]

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48 Id., pp. 900-902.

49 Id., pp. 908-921.

50 See Order dated 03 October 2023, id., pp. 928-930.

51 Id., pp. 932-937.

52

Exhibit No.	Description
"P-1"	Monthly Remittance Return of Value-Added Tax Withheld (BIR Form 1600-VT) for the month of December 2020.
"P-3"	Schedule of Royalties Reported for the year 2020.
"P-22"	Email of Pei Ling to Anh Viet dated 24 September 2021
"P-24"	Petitioner's 2021 Amended ITR.
"P-25"	Invoice No. 500030 dated 15 October 2022.
"P-27"	Credit advice from Citibank showing refund of erroneously paid royalties by SCPAG dated 29 December 2022.
"P-28"	Email exchanges on the spot rate used by HSBC on 30 March 2021, relative to the petitioner's remittance of royalties to SCPAG.
"P-31"	Schedule of 2020 Net Sales of GM Field Corn Varieties.

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Exhibit No.	Description
"P-2"	Electronic Filing and Payment System (EFPS) Withholding Value-Added Tax (WVAT) Payment Details.
"P-4"	Quarterly Remittance Return of Final Income Taxes Withheld (BIR Form 1601-FQ) for the 4th Quarter of 2020.
"P-5"	EFPS Final Withholding Tax Payment Details.
"P-6"	Petitioner's administrative claim for refund dated 09 January 2023.
"P-7"	Bureau of Internal Revenue Form 1914 (Application for Refund/Tax Credit) of WVAT.
"P-8"	BIR Form 1914 (Application for Refund/Tax Credit) of FWT.
"P-9"	Secretary's Certificate dated 05 January 2023.
"P-13"	Certificate of Residence of Syngenta Crop Protection AG (SCPAG).
"P-14"	Corn Germplasm License Agreement dated 23 December 2003.
"P-15"	Amendment to Corn Germplasm License Agreement effective January 2020.
"P-17"	Amendment to Trait License Agreement (Bt-11 Corn) effective 01 January 2020.

Meanwhile Exhibits "P-10", "P-11", "P-12", "P-16", "P-20", "P-23", "P-32", "P-33", "P-35", and "P-36" inclusive of sub-markings were provisionally marked.

On 13 October 2023, petitioner filed a motion (**13 October 2023 Motion**) asking for another setting in order to have its remaining documentary exhibits permanently marked.[54]

On 23 October 2023, petitioner filed a motion (**23 October 2023 Motion**) praying for an additional fifteen (15) days or until 07 November 2023 to submit the judicial affidavit of its witness, Yan Pei Ling (**Ling**). It also asked the Court to allow the taking of the testimony of one of its witnesses (Ling) *via* video conference because she was based in Singapore.[55]

On 27 October 2023, the Court issued an order granting petitioner's 13 October 2023 Motion, thereby setting another Commissioner Hearing on 16 January 2024. In the same order, the Court granted petitioner's 23 October 2023 Motion and set the presentation of Ling on 07 February 2024.[56]

On 03 November 2023, petitioner submitted a photocopy of Ling's Judicial Affidavit.[57] It then submitted the original on 06 November

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"P-18"	Notarized Certification from Hongkong and Shanghai Banking Corporation (HSBC) relative to petitioner's remittance of US$23,076,524.28 to SCPAG on 30 March 2021.
"P-19"	Petitioner's submission of Certificate of Residence for Tax Treaty (CORTT) Relief forms with their corresponding attachments dated 23 April 2021.
"P-21"	Petitioner's 2020 Income Tax Return.
"P-26"	Termination Agreement to the Trait License Agreement (Bt-11 Corn) dated January 2022.
"P-29"	Minutes dated 29 December 2022.
"P-30"	Notarized Certification from Citibank dated 16 February 2023.
"P-34"	Biosafety Permit for Commercial Propagation No. 20-010 Propa dated 08 October 2020.
"P-38"	Proof of Merger between Syngenta Seeds AG and SCPAG issued by the Commercial Register of the Canton of Basel-City and certified on 31 August 2023.

54 Division Docket, Volume II, pp. 939-941.
55 Id., pp. 943-946.
56 See Order dated 27 October 2023, id., p. 952.
57 Id., pp. 960-977.

2023.[58] Later, it also filed an amended Pre-trial Brief.[59] Yet again, amended its Pre-trial Brief and filed the same on 13 November 2023.[60]

On 13 November 2023, the parties filed their JSFI to the Court.[61]

On 17 November 2023, petitioner filed the Amended Judicial Affidavits of Dante C. Abril (**Abril**), Karen Geneevive A. Santiago (**Santiago**), and Maria Caridad G. Dejito (**Dejito**).[62]

On 17 November 2023, the Court admitted and approved the parties' JSFI and terminated the pre-trial, and set the initial presentation of petitioner's evidence on 30 January 2024.[63]

During the Commissioner's Hearing[64] on 16 January 2024, petitioner presented additional exhibits for comparison and marking. Respondent stipulated that: (**a**) Exhibits "P-10" to "P-12", inclusive, "P-20", "P-23", and "P-33"[65] are certified true copies of the original documents; (**b**) Exhibit "P-17-d"[66] was provisionally marked; (**c**) Exhibits "P-32" and "P-35"[67] are faithful reproduction of the original; and

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58 Exhibit "P-48", id., pp. 1129-1145.
59 Id., pp. 1107-1120.
60 Id., pp. 1274-1288.
61 Id., pp. 1290-1298.
62 See "Ex Parte Manifestation", Volume III, pp. 1309-1403.
63 See Resolution dated 17 November 2023, id., pp. 1406-1407; See also Pre-Trial Order dated 30 January 2023, id., pp. 1414-1445.
64 See Commissioner's Report dated 16 January 2024, id., pp. 1410-1411.
65

Exhibit No.	Description
"P-10"	Petitioner's Amended Articles of Incorporation.
"P-11"	Petitioner's 2022 General Information Sheet.
"P-12"	Petitioner's BIR Certificate of Registration with OCN No. 116RC20220000000371.
"P-20"	Petitioner's 2020 Audited Financial Statement (AFS).
"P-23"	Petitioner's 2021 AFS.
"P-33"	Biosafety Permit for Commercial Propagation No. 19-006 Propa dated 29 October 2019.

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Exhibit No.	Description
"P-17-d"	Screenshot showing transmittal of the Corn Germplasm License Amendment, and the Bt-11 Trait License Amendment.

67

Exhibit No.	Description
"P-32"	Biosafety Permit for Commercial Propagation No. 20-007 Propa dated 28 July 2020.

(**d**) Exhibit "P-36"[68], inclusive of sub-markings are original computer print-outs.

On 30 January 2024, the Court issued the Pre-Trial Order.[69]

During the trial, Abril took the witness stand first. He is petitioner's Corporate Secretary, Treasurer, and Head of Statutory Finance. On the witness stand, Abril identified his Amended Judicial Affidavit dated 13 November 2023[70] where he testified that: (**a**) petitioner is a wholly owned subsidiary of SCPAG; (**b**) in 2021, it remitted royalties to SCPAG amounting to ₱1,119,026,815.56, which included royalties amounting to ₱480,164,162.96 (12% WVAT and 15% Preferential FWT were remitted to the BIR amounting to ₱67,787,881.83 and ₱84,734,852.29, respectively); (**c**) it found that there was an erroneous payment of royalties to SCPAG due to the double counting of royalties on the GMO Field Corn with Bt-11 trait; and (**d**) to correct the double counting of royalties, petitioner adjusted its books of accounts, SCPAG refunded the excess royalties, and both petitioner and SCPAG terminated the *Bt-11 Trait License Agreement*.

On cross-examination, Abril confirmed that the administrative claim for refund with the BIR was filed only on 09 January 2023 and the judicial claim on 11 January 2023. According to him, at the time, he was already aware of the allegedly erroneous payments of FWT (erroneously referred to be EWT) and WVAT as early as September 2021.[71]

"P-35"	Biosafety Permit for Commercial Propagation No. 20-009 Propa dated 14 January 2020.

68

Exhibit No.	Description
"P-36"	Email Exchanges relative to the amendment of the royalty agreements between petitioner and SCPAG from September to December 2020 (page 1).
"P-36-a"	Email Exchanges relative to the amendment of the royalty agreements between petitioner and SCPAG from September to December 2020 (page 2).
"P-36-b"	Email Exchanges relative to the amendment of the royalty agreements between petitioner and SCPAG from September to December 2020 (page 3).
"P-36-c"	Email Exchanges relative to the amendment of the royalty agreements between petitioner and SCPAG from September to December 2020 (page 4).
"P-36-d"	Email Exchanges relative to the amendment of the royalty agreements between petitioner and SCPAG from September to December 2020 (page 5).

69 Division Docket, Volume III, id., pp. 1414-1445.
70 Exhibit "P-45", id., pp. 1320-1354.
71 TSN dated 30 January 2024, pp. 14-15.

On redirect examination, Abril clarified that when petitioner sought the refund of the erroneous payment of royalty from SCPAG, the latter initially refunded only half the amount. Petitioner wanted to make sure first that it gets the full amount sought to be refunded from SCPAG, which it did on 29 December 2022. It then filed the administrative and judicial claim for refund the following month.[72]

No cross-examination followed.[73]

Second to testify was Santiago, petitioner's CP Business Controller Commercial Finance from 2022 to present and its Finance Reporting and Compliance Lead from 2018 to 2021. During the hearing, Santiago identified her Amended Judicial Affidavit dated 13 November 2023[74], wherein she corroborated in entirety the testimony of Abril. There were also no further cross-examinations conducted.

Dejito, the third and last witness presented during the 30 January 2024 hearing was petitioner's Tax and Order to Cash Lead from November 2020 to April 2022 and Tax Team Lead from April 2022 to November 2022. Dejito identified her Amended Judicial Affidavit dated 16 November 2023[75], wherein she testified that: (**a**) petitioner paid WVAT for the month of December 2020 amounting to ₱163,329,393.31 on 11 January 2021; (**b**) the WVAT payment arose from the royalties accrued in 2020 amounting to ₱1,361,078,277.58; (**c**) it paid the 4th Quarter 2020 FWT amounting to ₱205,792,031.94 on 01 February 2021; (**d**) it submitted the Certificates of Residence for Tax Treaty Relief (**CORTT**) on 23 April 2021 to the Appellate Division of the BIR National Office and the Collection Section of RDO No. 39; and (**e**) it filed a letter request for administrative claim for refund of WVAT and FWT on 09 January 2023 with the RDO No. 116 of the BIR-Regular Large Taxpayers Audit Division 1.

On cross-examination, Dejito confirmed that petitioner had already adjusted its 2021 ITR even before SCPAG completed the refund

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72 Id., pp. 15-16.
73 Id., p. 16.
74 Exhibit "P-46", Division Docket, Volume III, pp. 1355-1385.
75 Exhibit "P-47", id., pp. 1386-1402.

on 29 December 2022. There were no re-direct examination questions from petitioner.[76]

Thereafter, petitioner presented Ling *via* videoconference from Singapore. Ling is the Co-Head of Tax of Syngenta Asia Pacific Pte. Ltd. (**APAC**), the regional headquarters that provide compliance support to petitioner and other Asia Pacific companies under the Syngenta AG Group. She identified her Judicial Affidavit dated 30 October 2023[77] wherein she corroborated Abril's and Santiago's testimonies regarding the erroneous payment of royalties, the adjustments made in petitioner's books, and the termination of the *Bt-11 Trait License Agreement*.[78]

On cross-examination, Ling declared that when petitioner remitted the royalties to SCPAG, both the *Corn Germplasm License Agreement* and the *Bt-11 Trait License Agreement* were still in effect. Petitioner did not conduct any redirect examination.[79]

Upon clarificatory questions from the Court, Ling confirmed that at the time of the payment of the WVAT and FWT on the royalties, petitioner was unaware of the double imposition of royalties[80] or that Citibank refunded the said royalties.[81]

On 12 February 2024, petitioner manifested that it would dispense with the presentation of the expert witness from the Bureau of Plant Industry of the Department of Agriculture.[82]

On 29 February 2024, petitioner filed its formal offer of evidence[83] (**FOE**), offering Exhibits "P-1" to "P-48", inclusive of sub-markings. In its comment to the FOE[84], respondent interposed no objections to the documents offered, but only as to the manner they were identified and

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76 TSN dated 30 January 2024, pp. 41-42.
77 Exhibit "P-48", supra at note 58, pp. 1129-1145.
78 TSN dated 07 February 2024, pp. 6-7.
79 Id., pp. 7-10, see note at 24.
80 Id., pp. 10-13.
81 Id., pp. 13-14.
82 Division Docket, Volume III, pp. 1460-1461.
83 See "Offer of Exhibits", id., pp. 1465-1488.
84 See "Comment and Manifestation Re: Petitioner's Formal Offer of Evidence", filed on 13 March 2024, id., pp. 1840-1842.

compared with the originals. He or she further manifested that he or she will no longer present any witnesses.

In its Resolution dated 09 July 2024[85], the Court admitted into evidence petitioner's offered documents. The Court also noted respondent's manifestation that he or she will no longer present a witness. As such, both parties were deemed to have rested their cases.

Subsequently, on 12 August 2024, petitioner[86] and respondent[87] filed their memoranda. The case was, thus, considered submitted for decision on 21 August 2024.[88]

ISSUES

I.
WHETHER THE COURT HAS JURISDICTION OVER THE CASE; AND

II.
WHETHER PETITONER SYNGENTA PHILIPPINES, INC. IS ENTITLED TO THE REFUND OF ALLEGED ERRONEUSLY PAID WITHHOLDING VALUEoADDED TAX (WVAT) and FINAL WITHHOLDING TAX (FWT) AMOUNTING TO ₱67,787,881.83 AND ₱84,734,852.29, RESPECTIVELY.[89]

ARGUMENTS

Respondent contends that this Court did not acquire jurisdiction over the case due to petitioner's failure to exhaust administrative remedies. He or she added that while petitioner filed its administrative claim on 09 January 2023 and its judicial claim on 11 January 2023, and both have fallen within the two (2)-year prescriptive period, he or she was not given ample opportunity to review its claim for refund with a mere two (2) days left (of the period) to act on the matter. Respondent

85 Id., pp. 1859-1860.
86 Id., pp. 1861-1873.
87 Id., pp. 1876-1922.
88 See Resolution dated 21 August 2024, id., p. 1924.
89 Supra at note 61, pp. 1290-1291.

adds that the same is a condition precedent to the filing of a case in court.

On the other hand, petitioner argues that the NIRC of 1997, as amended, or any law for that matter, does not require that respondent first resolves, or acts on the administrative claim, before judicial remedies may be availed. It pointed out that this Court and the Supreme Court have consistently ruled that a judicial claim for refund is validly filed as long as an administrative claim for refund was previously instituted, regardless of the length of interval between the two (2) claims, and as long as both were filed within the two (2)-year prescriptive period. Further, that the short interval does not violate the doctrine of exhaustion of administrative remedies. Lastly, petitioner, through its witness Abril was able to explain that it filed the administrative claim on 09 January 2023 because it only received the full remittance of the erroneously paid royalties from SCPAG on 29 December 2022.

As to the other issue, petitioner claims that it has complied with all of the requirements for a successful claim for refund. *First,* there was a payment of tax which is the remittance of WVAT and FWT to the BIR on 11 January 2021 and 01 February 2021, respectively. *Second,* the said WVAT and FWT payments were erroneously made since they arose from the erroneous imposition of 20% royalties on GMO field corn seeds with Bt-11 traits, a fact which respondent did not dispute. *Third,* the administrative claim for refund was filed on 09 January 2023 while the judicial claim for refund was filed on 11 January 2023, both of which were with the two (2)-year prescriptive period under the NIRC of 1997, as amended.

On the contrary, respondent claims that there was no erroneous payment of WVAT and FWT. He or she pointed out that petitioner's own witness, Ling, admitted during cross-examination that when petitioner remitted the royalties to SCPAG, both the *Corn Germplasm License Agreement* and the *Bt-11 Trait License Agreement*, with their amendments, were still in effect. Thus, there was a valid imposition of WVAT and FWT at the time the royalty payments were made since the agreements to which these taxes were based were both subsisting. Lastly, respondent argues that a tax refund is in the nature of tax exemptions, hence it should be interpreted in the strictest manner. Thus, the validity of petitioner's claim should be meticulously verified.

RULING OF THE COURT

After a careful review of the records and the evidence, the Court finds merit in the petition.

THE COURT HAS JURISDICTION OVER THE CASE.

Sections 204 and 229 of the NIRC of 1997, as amended, provide for the refund of erroneously collected taxes.

Section 204 which applies to administrative claims for refund states that the CIR has the authority credit or refund taxes erroneously received but that "[n]o credit or refund of taxes or penalties shall be allowed unless the taxpayer files in writing with the Commissioner a claim for credit or refund within two (2) years after the payment of the tax or penalty."

Meanwhile, Section 229 which applies to judicial claims for refund provides that no suit or proceeding shall be maintained in any court for the recovery of any national internal revenue tax alleged to have been erroneously assessed or collected until a claim for refund or credit has been duly filed with the CIR. As to the timeline of the judicial claim, the same section mandates that "no such suit or proceeding shall be filed after the expiration of two (2) years from the date of payment of the tax or penalty regardless of any supervening cause that may arise after payment."

Thus, Sections 204 and 229 merely require that in cases of recovery of erroneously paid tax, *both* the claim for refund and the filing of the suit should be made before the expiration of two (2) years from the date of payment. In this case, petitioner *timely* filed its administrative and judicial claim for refund, as shown below:

	WVAT	FWT
Date of Payment	11 January 2021	28 January 2021
Two (2) Years from Date of Payment	11 January 2023	28 January 2023

Filing of Administrative Claim	09 January 2023	09 January 2023
Filing of Judicial Claim	11 January 2023	11 January 2023

On the issue of exhaustion of administrative remedies under Sections 204 and 229 of the NIRC of 1997, as amended, the Court deems this not novel.

In *Commissioner of Internal Revenue v. Carrier Air Conditioning Philippines, Inc.*[90] (**Carrier**), the Supreme Court *En Banc* has explained that "[t]he principle of exhaustion of administrative remedies requires a party to first avail all the means provided by administrative processes before seeking the courts' intervention. It is a "form of courtesy, where the court defers to the administrative agency's expertise and waits for its resolution before hearing the case". **Non-observance of the rule, however, does not affect the court's jurisdiction, but only the party's cause of action**. Hence, it may be waived if not invoked at the proper time."[91]

In *Carrier*, the Supreme Court ruled as proper the taxpayer-claimant's filing of judicial claim 10 days after it had filed its administrative claim, even without the CIR's ruling. The Supreme Court cited the case *CBK Power Company Limited v. Commissioner of Internal Revenue*[92] (**CBK**) when it held that Section 229 of the NIRC of 1997, as amended, does not require that the Commissioner first act on the taxpayer's claim, and that the taxpayer cannot go to court without the Commissioner's action. In turn, CBK cited *P.J. Kiener Company, Ltd. v. Saturnino David*[93], wherein the Supreme Court held that the administrative claim filed before the CIR was intended primarily as a notice of warning that unless the tax or penalty alleged to have been collected erroneously or illegally is refunded, court action will follow.

In *Commissioner of Internal Revenue v. Nanox Philippines, Inc.*[94] (**Nanox**), the Supreme Court firmly declared that for as long as the administrative claim and the judicial claim were filed within the two

[90] G.R. No. 226592, 27 July 2021.
[91] Id.
[92] G.R. Nos. 193383-84, 14 January 2015.
[93] G.R. No. L-5163, 22 April 1953.
[94] G.R. No. 230416 (Notice), 05 May 2021.

(2)-year prescriptive period, then there was exhaustion of the administrative remedies.

From the foregoing, the law only mandates that both the administrative and judicial claims must be filed within the two (2)-year reglementary period, regardless of how far apart or close together these filings occur. Although respondent recognizes this, he or she maintains that the claim for refund must be filed at the *earliest possible opportunity*, to enable the review or action on the said claim (since the documents required to be submitted are readily available at the hands of the taxpayer).[95] Unfortunately, as the Supreme Court held in Carrier, the silence or insufficiency in the law on the reasonable period for the CIR's action is one that can be addressed not by judicial pronouncement, but by appropriate legislation.

PETITIONER SYNGENTA PHILIPPINES, INC. IS ENTITLED TO TAX REFUND.

The Court shall now determine whether petitioner is entitled to a tax refund in the amount of ₱152,522,734.12, representing the WVAT and FWT that it erroneously paid to the BIR due to the alleged erroneous computation of royalties on its sale of field corn seed with Bt-11 traits.

According to Sections 204 and 229 of the NIRC of 1997, as amended, the following requirements must be complied with to entitle the claimant to tax refund or credit under these sections:

1. The claimant erroneously paid a tax;

2. The taxpayer filed a written claim for refund or credit with the CIR within two (2) years from the date of payment of the tax; and

3. After a claim for refund or credit has been duly filed with the CIR, the taxpayer filed a judicial claim for refund still within two (2) years from the date of payment of the tax.

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95 See Respondent's Memorandum, Division Docket, Volume III, p. 1865.

As previously discussed, petitioner has complied with the *second* and *third* requisites.

We will proceed to resolve if petitioner made an erroneous payment of tax within the contemplation of Sections 204 and 209 of the NIRC of 1997, as amended.

To recap, sometime in September 2021, petitioner found out that its 2020 revenues from Field Corn BT (GMO) amounting to ₱2,824,495,076.27 was subjected to both 25% royalty rate under the *Corn Germplasm License Agreement* **and** 20% royalty rate under the *Bt-11 Trait License Agreement*. By the time it realized the mistake, it had already remitted the corresponding WVAT and FWT to the BIR. Both petitioner and SCPAG remedied the situation by the return of the 20% royalty under the *Bt-11 Trait License Agreement*. Petitioner now seeks the refund of the WVAT and FWT corresponding to the 20% royalty rate totaling ₱152,522,734.12.

We find that petitioner is entitled to its claim as its situation is similar to that of the claimants in *Nanox* and *Carrier*.

In *Nanox*, Nanox already paid the BIR dividend tax (FWT) amounting to ₱9,495,774.38 when Nanox Japan, its parent company, ordered the discontinuance of the distribution of the cash dividend. As a result, Nanox did not release the cash dividends to Nanox Japan. There, the Supreme Court affirmed the CTA *En Banc* and CTA Division's ruling that the FWT on cash dividends distribution that did not materialize constitutes erroneously paid tax, which is refundable under the NIRC of 1997, as amended, thus, it is declared that Nanox is entitled to tax refund amounting to ₱9,495,774.38.

Meanwhile in *Carrier*, Carrier paid Carrier B.V. cash dividends, net of 10% FWT in 2009. However, an independent audit for the year 2009 revealed that the unrestricted retained earnings were insufficient to support a ₱113,955,742 of the ₱871,084,418 dividends paid. Again, the Supreme Court did not disturb the CTA *En Banc* and CTA Division's ruling that there was an over-remittance of FWT, hence, Carrier is entitled to tax refund worth ₱11,395,574.20.

We find petitioner's claim that it's payment of WVAT and FWT corresponding to the 20% royalty rate under the *Bt-11 Trait License Agreement* was erroneously made is supported by case records.

Petitioner's *Schedule of 2020 Net Sales of GM Field Corn Varieties*[96] shows that petitioner sold different varieties of genetically modified field corn seeds amounting to ₱2,824,495,076.27, comprised of:

Field Corn BT (GM)	Net Sales (in PHP)
NK6410 BTGT-MO BIB	1,357,427,133.40
NK8840 BGT-MO RIB	469,125,021.44
NK6414 BTGT-MO BIB	211,765,663.27
NK306 BTGT-MO BIB	172,618,397.19
NK6414 BGT-MO-RIB	46,164,342.58
NK6410 BTGT-MO BIB-TRD	19,819,043.24
NK306 BTGT-MO BIB-TRD	6,787,256.00
SSG398 BTGT-TRD	903,547.99
NK6514 BTGT-TRD	655,072.29
SSG278 BTGT-TRD	265,417.22
NK6414 BGT-MO RIB-TRD	47,668.50
Release of unutilized rebates provision	194,882,846.29
Release of unutilized sales returns provision	344,033,666.86
Total	**2,824,495,076.27**

Abril, petitioner's witness, testified that these varieties of genetically modified field corn seeds possess two or three traits, one of which is the Bt-11 Trait:[97]

> ...
>
> Q89: I note that the varieties have either "BTGT" or "BGT" in their names, what does "BTGT" or "BGT" mean?
>
> A89: BTGT means that the field corn variety is double-stacked. BGT means that the field corn variety is triple-stacked. But note that one of the stacks in those varieties is the Bt-11 trait.
>
> Q90: What do you mean by "double-stacked"?
>
> A90: A field corn variety is double stacked when it possesses 2 traits. Example, NK6410 BTGT-MO BIB means that the variety has both GA21 trait and Bt-11 trait. All of our double stacked varieties listed in the Schedule contain GA21 and Bt-11 traits.

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96 Exhibit "P-31", Division Docket, Volume III, p. 1805.

97 Exhibit "P-45", Amended Judicial Affidavit of Dante C. Abril dated 13 November 2023, supra at note 70, p. 1344.

Q91: What do you mean by "triple stacked"?
A91: It means that such field corn variety possesses 3 traits. Example, NK8840 BGT-MO-RIB has GA21, TC1507, and Bt-11 traits. All of our triple-stacked varieties as listed in the Schedule contain these 3 traits.

...

Ling, another witness for petitioner, corroborated Abril's testimony that the varieties listed in the *Schedule of 2020 Net Sales of GM Field Corn Varieties* are double or triple stacked, and at least one of those stacks is the Bt-11 trait.[98]

With regards to the line items "Release of unutilized rebates provision" and "Release of unutilized sales returns provision" included in the *Schedule of 2020 Net Sales of GM Field Corn Varieties,* Abril explained that they refer to rebates which were taken up as sales deduction but were reverted back to sales after some customers did not achieve the target volume of purchased genetically modified corn field seeds.[99]

Abril's and Ling's testimonies were not controverted by respondent. Moreover, the Bureau of Plant Industry Biosafety Permits[100] presented by petitioner shows that petitioner indeed produced double and triple-stacked seed varieties in CY 2020 and corroborate the witnesses' assertion that the seed varieties listed in the *Schedule of 2020 Net Sales of GM Field Corn Varieties* are double or triple stacked.

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98 Exhibit "P-48", Judicial Affidavit of Yan Pei Ling dated 30 October 2023, supra at note 58, p. 1142.
99 Exhibit "P-45", supra at note 70, p. 1343.
100 Division Docket, Volume III, pp. 1807-1817.

Exhibits	Description	Seed Varieties
"P-32"	Biosafety Permit for Commercial Propagation No. 20-007 Propa dated 28 July 2020.	Bt-11
"P-33"	Biosafety Permit for Commercial Propagation No. 19-006 Propa dated 29 October 2019.	Corn GA21
"P-34"	Biosafety Permit for Commercial Propagation No. 20-010 Propa dated 08 October 2020.	Stacked trait product Corn Bt-11 x TC1507 x GA21 and all progenies
"P-35"	Biosafety Permit for Commercial Propagation No. 20-009 Propa dated 14 January 2020.	Corn Bt-11 x MIR162 x MON89034 x GA21 and all progenies from crosses

Petitioner claims that since all the varieties listed in *the Schedule of 2020 Net Sales of GM Field Corn Varieties* are genetically modified, the total sales of ₱2,824,495,076.27 was subjected to the 25% royalties under the *Amendment to Corn Germplasm License Agreement* which amounted to ₱706,123,769.07.[101] In addition, since the same varieties possesses the Bt-11 trait, petitioner alleges that the total sales of ₱2,824,495,076.27 was likewise subjected to the 20% royalties under the *Bt-11 Trait License Agreement* which amounted to 564,899.015.25.[102]

We find petitioner's claims to be consistent with its 2020 AFS[103] where petitioner reported royalty expense of ₱1,316,502,134 for CY 2020 and petitioner's *Schedule of Royalties Reported*[104] showing the 25% royalties amounting to ₱706,123,769.07 and 20% royalties amounting to ₱564,899.015.25, as part of the reported royalty expense of ₱1,316,502,134, to wit:

Schedule of Royalties Reported				
Description	**Sweetcorn**	**Field Corn BT (GMO)**	**Rice**	**Total**
	Amounts in PHP			
2020 Net Sales	4,629,110.79	**2,824,495,076.27**	165,799,701.90	2,994,923,888.96
1.5% Royalties under the Syngenta Brand License	69,436.55	42,367,426.14	2,486,995.53	44,923,858.33
12% Royalties under the *Corn Germplasm License Agreement*	555,493.29			555,493.29
25% Royalties for GMO under the *Corn Germplasm License Agreement*		**706,123,769.07**		706,123,769.07
20% Royalties under the *Bt-11 Trait License Agreement*		**564,899.015.25**		564,899.015.25
Total	624,929.96	1,313,390,210.47	2,486,995.53	**1,316,502,135.95**

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[101] Supra at note 41, id., p. 764.
[102] Id.
[103] Exhibit "P-20", supra at note 17, p. 1760.
[104] Exhibit "P-3", supra at note 20, p. 1495.

Petitioner's WVAT Return[105] dated 11 January 2021 shows that it remitted WVAT to the BIR amounting to ₱163,329,393.31, computed as follows:

Description	Amount (in PHP)
Royalties during 2020	1,316,502,135.95
Add: 2019 Royalties billed in 2020	44,576,141.56
Total	1,361,078,277.51
Tax Rate	12%
WVAT	163,329,393.31

Thus, ₱67,787,881.83[106] of the ₱163,329,393.31 WVAT paid pertains to the 20% Royalties under the *Bt-11 Trait License Agreement,* which amount is the subject of the present claim for refund.

Petitioner's FWT Return[107] dated on 28 January 2021 shows that petitioner also remitted FWT to the BIR in the amount of ₱205,792,031.94. Out of this amount, ₱204,161,741.64 pertains to FWT withheld on petitioner's royalty payments to SCPAG, computed as follows:

Description	Amount (in PHP)
Royalties during 2020	1,316,502,135.95
Add: 2019 Royalties billed in 2020	44,576,141.56
Total	1,361,078,277.51
Tax Rate	15%[108]
FWT	204,161,741.63

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105 Exhibits "P-1" and "P-2", supra at note 21, pp. 1490-1491 and 1493, respectively.

106 20% Royalties under the Bt-11 Trait License Agreement amounting to ₱564,899.015.25 multiplied by WVAT rate of 12%.

107 Exhibits "P-4" and "P-5", supra at note 22, pp. 1497-1498 and 1500, respectively.

108 Petitioner presented the Certificate of Residence (for Tax Treaty Relief) and the corresponding attachments (including the certification issued by the tax authority of Switzerland proving that SCPAG is a resident of Switzerland) that it submitted to the BIR on 23 April 2021. Thus, SCPAG's royalty income may be subject to 15% FWT, pursuant to the Philippines-Switzerland Tax Treaty in relation to Sections 28(B)(1) and 32(B)(5) of the NIRC of 1997, as amended.

Thus, ₱84,734,852.29[109] of the ₱205,792,031.94 FWT paid pertains to the 20% Royalties under the *Bt-11 Trait License Agreement,* which, in addition to the ₱67,787,881.83 WVAT, is the subject of the present claim for refund.

Petitioner's witness Ling testified that she discovered the double counting of royalties and on 24 September 2021, she informed, among others, Khuat Anh Viet, one of the executives of the Syngenta AG Group:[110]

> ...
>
> Q37: How did you and the team of Ms. Santiago come to a conclusion that there was an erroneous payment of royalties by SPI to SCPAG?
>
> A37: We realized that the Corn Germplasm Agreement and its Amendment, which impose 25% royalty rate on the Genetically-Modified BT-11 Field Corn, already cover the BT-11 Trait, which is the subject of a separate 20% Royalty Rate under the BT-11 Trait License Agreement. This double imposition of royalties on the Genetically-Modified Field Corn with BT-11 Trait was apparently overlooked by SPI and SCPAG when the parties were amending the BT-11 Trait License Agreement.
>
> ...
>
> Q50: What did you do after you and Ms. Santiago's team realized the double recording/imposition of royalties of 25% and 20%, respectively, under the Corn Germplasm Amendment and BT-11 Trait License Amendment, in September 2021?
>
> A50: I immediately emailed Khuat Anh Viet, one of the executives of the Syngenta AG Group, and informed him about the double payment of royalties on the Genetically Modified (GM) Field Corn BT-11 trait, with emphasis that such was an unintended error on the part of SPI.
>
> Q51: What proof do you have if any, to support this?
>
> A51: I have a copy of the e-mail that I sent to Khuat Anh Viet on September 24, 2021.
>
> ...

To correct the error, Abril testified that they reversed the royalty expense pertaining to the 20% royalties under the *Bt-11 Trait License*

[109] 20% Royalties under the Bt-11 Trait License Agreement amounting to ₱564,899,015.25 multiplied by FWT rate of 15%.

[110] Exhibit "P-48", supra at note 58, pp. 1139, 1142-1143.

Agreement amounting to ₱564,899.015.25 and the corresponding WVAT of ₱67,787,881.83 in its CY 2020 books.[111]

Again, respondent did not rebut Ling's and Abril's testimonies, and such testimonies were supported by documentary evidence presented by petitioner.

Afterwards, petitioner's 2021 AFS [112] shows that petitioner recognized ₱632,686,897 as "Income from royalty refund" in CY 2021. Petitioner also amended its 2021 ITR[113] and reported the reversal of the royalty expense and WVAT as other income.

Lastly, Petitioner and SCPAG terminated the *Bt-11 Trait License Agreement* in January 2022[114] and SCPAG returned the excess royalties (net of FWT) of ₱480,163,525.96 on 29 December 2022.[115]

Taking the foregoing together, it is as if SCPAG did not receive royalty income from petitioner that would have been the proper subject of WVAT and FWT.

Respondent's contention that there was no erroneous payment of WVAT and FWT since the agreements to which these taxes were based were subsisting at the time of payment fails to convince Us.

In *Spouses Eduardo X. Genato, et al. v. Commissioner of Internal Revenue*[116], the CIR also argued that the capital gains taxes paid therein cannot be considered as erroneously or illegally collected taxes because at the time the same were paid, the contract was not yet rescinded and as such was very much legal and valid. This Court's First Division disagreed and ruled that the supposed gain that could have been realized from the contract had been abrogated due to the recission of the contract, and the basis for the imposition of capital gains tax failed to exist. Similarly, the supposed royalty income that could have been realized from the *Bt-11 Trait License Agreement* had been abrogated by

111 Exhibit "P-45", supra at note 70, p. 1346.
112 Exhibit "P-23", supra at note 25, p. 1735.
113 Exhibit "P-24", supra at note 26, p. 1784.
114 Exhibit "P-26", supra at note 27, p. 1790.
115 Exhibits "P-27" and "P-30", supra at note 28, pp. 1792-1793, and 1803, respectively.
116 CTA Case Nos. 8919 and 8920, 30 March 2017.

the termination of the contract and more importantly, by the full return of the 20% royalties from SCPAG to petitioner. Thus, the basis for the imposition of WVAT and FWT does not exist.

Lastly, respondent argues that a tax refund is in the nature of tax exemptions, hence it should be interpreted in the strictest manner. We agree with respondent; thus, we meticulously verified petitioner's claim and find that the documentary and testimonial evidence that it has presented, which respondent did not controvert, adequately supports its claim that it has erroneously paid WVAT and FWT amounting to ₱67,787,881.83 and ₱84,734,852.29, respectively.

WHEREFORE, premises considered, the instant Amended Petition for Review filed by petitioner Syngenta Philippines, Inc. on 06 March 2023, is hereby **GRANTED**. Accordingly, respondent Commissioner of Internal Revenue is **ORDERED** to refund or issue a tax credit certificate in favor of petitioner Syngenta Philippines, Inc. in the total amount of **₱152,522,734.12**, representing the erroneously paid Withholding Value-Added Tax and Final Withholding Tax.

SO ORDERED.

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

WE CONCUR:

ROMAN G. DEL ROSARIO
Presiding Justice

LANEE S. CUI-DAVID
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's Division.

ROMAN G. DEL ROSARIO
Presiding Justice