Republic of the Philippines
COURT OF TAX APPEALS
Quezon City

FIRST DIVISION

GIC PRIVATE LIMITED (FORMERLY, GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION PRIVATE LIMITED), Petitioner,	**CTA Case No. 8749** For: Refund
-versus-	Members: **DEL ROSARIO, *Chairperson*** **UY, and** **MINDARO-GRULLA, JJ.**
COMMISSIONER OF INTERNAL REVENUE, Respondent.	Promulgated: MAR 17 2016; 4:00 p.m.

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DECISION

MINDARO-GRULLA, J.:

This is a Petition for Review filed by GIC Private Limited (Formerly, Government of Singapore Investment Corporation Private Limited) as petitioner, against Commissioner of Internal Revenue as respondent, before the Court in Division, pursuant to Section 7(a)(2) of Republic Act (RA) No. 1125, An Act Creating the Court of Tax Appeals, as amended[1], as well as Rule 4, Section 3(a)(2), in

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[1] Sec. 7. *Jurisdiction.* – The CTA shall exercise:

(a) Exclusive appellate jurisdiction to review by appeal, as herein provided:

x x x x x x

(2) Inaction by the Commissioner of Internal Revenue in cases involving disputed assessments, refunds or internal revenue taxes, fees of other charges, penalties in relation 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 for action, in which case the inaction shall be deemed a denial;

x x x x x x

relation to Rule 8, Section 4(a) of the Revised Rules of the Court of Tax Appeals (RRCTA)[2], as amended.

Petitioner seeks the refund or the issuance of tax credit certificate in the amount of Two Hundred Sixteen Million Nine Hundred Nineteen Thousand Two Hundred Eighty-Six Pesos and 53/100 (₱216,919,286.53), allegedly representing the final withholding taxes (FWT) erroneously withheld on the interest income it derived during the period covering December 2011 to December 2012 on its investments in Philippine Treasury Bonds (T-Bonds).[3] ℓ

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[2] Rule 4, Sec. 3. *Cases within the jurisdiction of the Court in Division.* – The Court in Division shall exercise:

> (a) Exclusive original over or appellate jurisdiction to review by appeal the following:
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>
> (2) Inaction by the Commissioner of Internal Revenue in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relation 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 or other applicable law provides a specific period for action: *Provided,* that in case of disputed assessments, the inaction of the Commissioner of Internal Revenue within the one hundred eighty day-period under Section 228 of the National Internal Revenue Code shall be deemed a denial for purposes of allowing the taxpayer to appeal his case to the Court and does not necessarily constitute a formal decision of the Commissioner of Internal Revenue on the tax case; *Provided, further,* that should the taxpayer opt to await the final decision of the Commissioner of Internal Revenue on the disputed assessments beyond the one hundred eighty day-period abovementioned, the taxpayer may appeal such final decision to the Court under Section 3(a), Rule 8 of these Rules;
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> x x x x x x

Rule 8. Sec. 4. *Where to appeal; mode of appeal.*-

> (a) An appeal from a decision or ruling or the inaction of the Commissioner of Internal Revenue on disputed assessments or claim for refund of internal revenue taxes erroneously or illegally collected, the decision or ruling of the Commissioner of Customs, the Secretary of Finance, the Secretary of Trade & Industry, the Secretary of Agriculture, and the Regional Trial Court in the exercise of their original jurisdiction, shall be taken to the Court by filing before it a petition for review as provided in Rule 42 of the Rules of Court. The Court in Division shall act on the appeal.
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> x x x x x x

[3] Statement of the Case, Pre-Trial Order, Docket, p. 370.

Petitioner GIC Private Limited (Formerly, Government of Singapore Investment Corporation Private Limited) is a non-resident foreign corporation and is wholly-owned and controlled by the Government of Singapore, duly organized and existing under the laws of Singapore. Its principal place of business is located at 168 Robinson Road, #37-01 Capital Tower, Singapore 068912.[4] Petitioner is engaged in the management of Singapore's foreign reserves and is authorized and mandated to open and operate the custody of current accounts, as may be necessary for the safekeeping of assets and cash under its management.[5]

On the other hand, respondent is the duly appointed Commissioner of the Bureau of Internal Revenue (BIR), vested with authority, among others, to act upon and approve claims for refund or tax credit of overpaid or erroneously paid internal revenue taxes. She holds office at the 5th Floor, BIR National Office Building, Agham Road, Diliman, Quezon City.

On May 20, 1999, petitioner entered into a Direct Custodial Services Agreement[6] (DCSA) with Citibank, N.A., Subsidiaries and Affiliates ("Citibank" for brevity), whereby petitioner appointed the subsidiaries and affiliates of Citibank as its custodian; entitling them to hold certain assets of petitioner, as well as to open and maintain custody accounts and cash accounts for the purpose of holding the properties and funds from time to time received by the relevant Citibank entities for the account of petitioner.[7]

On March 23, 2009, petitioner and Citibank, acting through its Singapore branch, executed a Global Custodial Services Schedule[8] (GCSS) as a supplement to the DCSA. Based on the GCSS, petitioner authorized Citibank to open sub-custody accounts with other Citibank subsidiaries and

[4] Exhibit "P-2", Docket, p. 433.
[5] Exhibit "P-1", Docket, p. 409.
[6] Exhibit "P-9-1", Docket, pp. 487-507.
[7] Exhibit "P-31", Sworn Statement of Ms. Precilia Wongsosaputro, June 11, 2014, p. 4.
[8] Exhibit "P-10", Docket, pp. 514-518.

affiliates as "foreign sub-custodians" for the purpose of holding the securities issued by foreign governments or foreign companies whose principal trading market is located outside of Singapore. Thus, Citibank Singapore branch opened a sub-custody account for petitioner with Citibank Philippine branch.[9]

Petitioner, through Citibank, invested in various T-Bonds with maturities of more than one (1) year. As custodian, Citibank is responsible for settling petitioner's investments in T-Bonds and in safekeeping the T-Bonds acquired by petitioner. It is also responsible for collecting the coupons/interests due on petitioner's T-Bond holdings when they fall due on coupon date, and credit the same into petitioner's custody accounts.[10]

During the period of December 2011 to December 2012, petitioner derived interest income from its investments in T-Bonds amounting to ₱1,084,596,432.68, which was subjected to FWT at the rate of twenty percent (20%), for a total amount of ₱216,919,286.53, broken down as follows:[11]

ISIN / SECURITY ID	Face Value	Gross Annual Interest Rate (%)	Payout Rate (%)[12]	Coupon Date	Coupon/Interest Gross Amount	Coupon/Interest 20% FWT	Coupon/Interest Net Amount
PHY6972FMZ09/ PIBD1020L525	₱ 1,559,250,300.00	5.8750	2.9375	16 Dec 11	₱ 45,802,977.56	₱ 9,160,595.51	₱ 36,642,382.05
PHY6972FKN96/ PIBD0313A199	3,200,000,000.00	5.2500	2.6250	9 Jan 12	84,000,000.00	16,800,000.00	67,200,000.00
PHY6972FJC50/ PIBD0514A673	11,270,000,000.00	6.2500	3.1250	27 Jan 12	352,187,500.00	70,437,500.00	281,750,000.00
PHY6972FHT04/ PIBD1019B485	950,000,000.00	7.8750	3.9375	20 Feb 12	37,406,250.00	7,481,250.00	29,925,000.00
PHY6972FMZ09/ PIBD1020L525	1,559,250,300.00	5.8750	2.9375	18-Jun-12	45,802,977.56	9,160,595.51	36,642,382.05
PHY6972FKN96/ PIBD0313A199	3,200,000,000.00	5.2500	2.6250	9-Jul-12	84,000,000.00	16,800,000.00	67,200,000.00
PHY6972FJC50/ PIBD0514A673	11,270,000,000.00	6.2500	3.1250	27-Jul-12	352,187,500.00	70,437,500.00	281,750,000.00
PHY6972FHT04/ PIBD1019B485	950,000,000.00	7.8750	3.9375	22-Aug-12	37,406,250.00	7,481,250.00	29,925,000.00
PHY6972FMZ09/ PIBD1020L525	1,559,250,300.00	5.8750	2.9375	17-Dec-12	45,802,977.56	9,160,595.51	36,642,382.05
				Total	**₱1,084,596,432.68**	**₱216,919,286.53**	**₱867,677,146.15**

[9] Exhibit "P-31", Sworn Statement of Ms. Precilia Wongsosaputro, June 11, 2014, p. 4.
[10] *Ibid*, pp. 4-5.
[11] Exhibit "P-11", Docket, p. 519.
[12] On semi-annual basis.

The FWT on petitioner's interest income from T-Bonds were allegedly withheld and remitted to the BIR by the Bureau of Treasury ("BTr" for brevity).

On December 16, 2013, petitioner filed with the BIR an administrative claim for refund or issuance of tax credit certificate in the amount of ₱216,919,286.53, representing the FWT erroneously withheld on the interest income derived by petitioner from its investments in T-Bonds from December 2011 to December 2012.[13]

Due to respondent's inaction on petitioner's refund claim, petitioner filed the instant Petition for Review[14] before this Court on December 19, 2013.

In her Answer[15] filed on March 3, 2014, respondent alleged the following defenses:

> "4. Petitioner's alleged claim for tax refund/credit is subject to administrative investigation/examination by the respondent's Bureau.
>
> 5. Petitioner failed to demonstrate that the tax subject of this case was erroneously or illegally collected.
>
> 6. Taxes paid and collected are presumed to have been paid in accordance with law and regulations, hence, not refundable.
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> 7. Petitioner failed to prove compliance with the governing rules relative to tax recovery or refund as provided for under Sections 204(C) and 229 of the National Internal Revenue Code of 1997, as amended.

[13] Exhibit "P-26", Docket, pp. 578-588.
[14] Docket, pp. 6-14.
[15] Docket, pp. 72-74.

8. In an action for tax refund/credit, the burden of proof rests upon the taxpayer to establish by sufficient and competent evidence its entitlement to a claim for refund/credit, and failure to adduce sufficient proof is fatal to the action for tax refund/credit *(Commissioner of Internal Revenue vs. Tokyo Shipping Co., Ltd. 244 SCRA 336)*.

9. It cannot be over-emphasized that *tax exemption represents a loss of revenue to the government* and must, therefore, not rest on vague inference. When claimed, it must be *strictly construed against the taxpayer* who must prove that he falls under the exception. And if an exemption is found to exist, it must not be enlarged by construction, since the reasonable presumption is that the State has granted in express terms all it intended to grant at all, and that, unless the privilege is limited to the very terms of the statute, the favor would be extended beyond dispute in ordinary cases.

10. Finally, basic is the rule that tax refunds are in the nature of tax exemptions are to be construed *strictissimi juris* against the entity claiming the same *(Philippine Geothermal, Inc. vs. Commissioner of Internal Revenue, G.R. No. 154028, July 27, 2005)*. Moreover, statutes in derogation of sovereignty such as those containing exemption from taxation should be *strictly construed* in favor of the State *(PLDT vs. City of Davao, 399 SCRA 442)*."

The case was scheduled for a pre-trial conference on April 25, 2014.[16] Accordingly, respondent filed her Pre-Trial Brief[17] on April 21, 2014; while petitioner submitted its Pre-Trial Brief[18] on June 13, 2014.

On July 11, 2014, the parties submitted their Joint Stipulation of Facts and Issues[19]. The same was admitted

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[16] Docket, p. 75.
[17] Docket, pp. 88-91.
[18] Docket, pp. 92-101.
[19] Docket, pp. 348-356.

by the Court in a Resolution[20] dated July 21, 2014. The Court then issued a Pre-Trial Order[21] on August 5, 2014, thereby terminating the pre-trial.

During trial, petitioner presented Atty. Gia Angeli R. Geraldez – Junior Associate at Salvador and Associates Law Office[22] and Ms. Precilia Wongsosaputro[23] – Vice President at the Securities and Fund Services Department of Citibank Philippine Branch as its witnesses. Subsequently, petitioner presented and formally offered Exhibits "P-1" to "P-33-1",[24] which were all admitted by the Court in a Resolution[25] dated January 5, 2015.

Petitioner's documentary exhibits are as follows:

Exhibit	Description
P-1	Petitioner's Memorandum and Articles of Association dated May 22, 1981
P-2	Certification on change of name issued by the Accounting and Corporate Regulatory Authority of Singapore on December 13, 2013
P-3	Certification issued by the Ministry of Finance of the Republic of the Singapore on January 9, 2014
P-4	Certification of Non-Registration of Company issued by the Securities and Exchange Commission (SEC) dated July 8, 2014
P-4-1	Certification of Non-Registration of Company issued by the Securities and Exchange Commission dated June 27, 2014
P-5	Certification from the Bureau of Treasury (BTr) issued on February 11, 2014

[20] Docket, p. 358.
[21] Docket, pp. 370-379.
[22] Exhibit "P-30", Docket, pp. 294-302.
[23] Exhibit "P-31", Docket, pp. 307-332.
[24] Docket, pp. 394-406.
[25] Docket, pp. 660-661.

	confirming the amount of final taxes withheld from the coupons or interest income derived by the treasury bonds (T-Bonds) recorded under Citibank N.A.'s (Citibank) Custodian Account with the BTr for the period December 1, 2011 to December 31, 2012
P-6-1	BTr's Statement of Interest Payment of Coupon/Maturity due by GS (Government Securities) Holders of Citibank for the period December 1, 2011 to December 31, 2012
P-6-2	BTr's Statement of Interest Payment of Coupon/Maturity due by GS Holders of Citibank for the period December 1, 2011 to December 31, 2012
P-7-1, P-7-1a, P-7-2, P-7-2a, P-7-3, P-7-3a, P-7-4, P-7-4a, P-7-5, P-7-5a, P-7-6, P-7-6a, P-7-7, P-7-7a, P-7-8, P-7-8a, P-7-9, P-7-9a	BTr Journal Entry Vouchers (JEVs) covering the withholding of final tax on coupons and the remittance of the FWTs to the BIR
P-8	Certificate of Final Tax Withheld at Source (BIR Form No. 2306) issued by the BTr in favour of Citibank covering FWT in the total amount of Php242,816,565.56
P-9-1	Direct Custodial Services Agreement between petitioner and Citibank, N.A. Subsidiaries and Affiliates dated May 20, 1999
P-9-2	Amendment Agreement between petitioner and Citibank, N.A., Subsidiaries and Affiliates dated April 30, 2000
P-9-3	Amendment Agreement between petitioner and Citibank, N.A., Subsidiaries and Affiliates dated June 21, 2006

P-10	Global Custodial Services Schedule between petitioner and Citibank, N.A. dated March 23, 2009
P-11	Citibank's Coupon Entitlement Report for petitioner for the period December 2011 to December 2012
P-12, P-12-1, P-13-1, P-13-2, P-13-3, P-14-1, P-14-2, P-15-1, P-15-2, P-15-3, P-15-4, P-15-5, P-15-6, P-15-7, P-15-8, P-15-9	Schedule of Bond Exchange Offer, Confirmations of Sale, and Trade Confirmations covering petitioner's T-Bonds
P-16, P-17, P-18, P-19, P-20, P-21, P-22, P-23, P-24	MT566 Confirmation Advice covering the remittance of coupons from Citibank to petitioner
P-25	Certification issued by Citibank dated February 12, 2014 regarding petitioner's safekeeping and securities accounts with Citibank Manila (GIC "B" Account, GIC "C" Account, and GIC "H" Account)
P-26	Petitioner's letter-request for refund of or issuance of TCC for the amount of Php216,919,286.53, representing the FWT erroneously withheld on the interest income derived by petitioner during the period December 2011 to December 2012 from its investments in T-Bonds, stamped as received by the BIR on December 16, 2013 (with attached BIR Form No. 1914)
P-27	BIR, Revenue Accounting Division Certification No. RAD-14-03-156-Cert. dated March 20, 2014 confirming receipt of the FWTs on the BTr's coupon payments to Citibank's Registry of Scripless Securities (ROSS) Custodian Account for the period December 2011 to December 2012

P-28	Petitioner's Special Power of Attorney (SPA) dated December 16, 2013 authorizing Salvador & Associates Attorneys-at-Law (S&A) to file on its behalf an administrative claim for refund of erroneously withheld FWT for the period December 2011 to December 2012
P-29	Petitioner's SPA dated December 16, 2013 authorizing S&A to file administrative and judicial claims for refund of erroneously withheld FWT for the period December 2011 to December 2012 on behalf of petitioner
P-30	Sworn Statement of Atty. Gia Angeli R. Geraldez to Questions Propounded by Atty. Mardomeo N. Raymundo, Jr.
P-30-1	Signature of Atty. Geraldez on page 9 of her Sworn Statement dated June 11, 2014
P-31	Sworn Statement of Ms. Precilia Wongsosaputro to Questions Propounded by Atty. Mardomeo N. Raymundo, Jr.
P-31-1	Signature of Ms. Wongsosaputro on page 26 of her Sworn Statement dated June 11, 2014
P-32	BIR's letter dated August 1, 2014 granting petitioner's administrative claim for refund of the amount Php216,919,286.53, representing the FWT erroneously withheld on the interest income derived by petitioner during the period December 2011 to December 2012
P-33	Supplemental Sworn Statement of Atty. Gia Angeli R. Geraldez to Questions Propounded by Atty. Mardomeo N. Raymundo, Jr.
P-33-1	Signature of Atty. Geraldez on page 4 of her Supplemental Sworn Statement dated September 4, 2014

Respondent, on the other hand, waived her right to present evidence.[26] Thereafter, the Court ordered both parties to submit their respective memoranda.

Petitioner filed its Memorandum[27] on March 25, 2015; while respondent filed her Memorandum[28] on April 21, 2015. Consequently, the Court deemed the case submitted for decision on May 4, 2015.[29]

The issues[30] stipulated by the parties for this Court's resolution are as follows:

1. Whether or not petitioner is wholly-owned and controlled by the Government of Singapore;

2. Whether or not petitioner derived interest income in the gross amount of Php1,084,596,432.68 from its investments in Philippine T-Bonds for the period December 2011 to December 2012;

3. Whether or not the interest income derived by petitioner from its investments in Philippine T-Bonds for the period December 2011 to December 2012 was subjected to FWT at the rate of 20%;

4. Whether or not the FWT on petitioner's interest income from Philippine T-Bonds for the period December 2011 to December 2012, amounting to Php216,919,286.53, was remitted and paid to the BIR;

5. Whether or not the interest income derived by petitioner from its investments in Philippine T-

[26] Resolution dated October 7, 2014, Docket, pp. 392-393.
[27] Docket, pp. 676-703.
[28] Docket, pp. 707-711.
[29] *Resolution dated May 4, 2015, Docket, p. 713.*
[30] Stipulated Issues for Resolution, Joint Stipulation of Facts and Issues, Docket, pp. 349-350.

Bonds is exempt from income tax under Section 32(B)(7)(a), Tax Code and Section 2.57.5, RR No. 2-98; and

6. Whether or not petitioner filed its administrative and judicial claims for refund of or issuance of TCC in the amount of Php216,919,286.53, representing the FWT erroneously withheld on the interest income derived by petitioner during the period December 2011 to December 2012 from its investments in Philippine T-Bonds, within the two-year prescriptive period provided under Sections 204(C) and 229, Tax Code.

The above-enumerated issues can be summarized as follows:

> Whether or not petitioner is entitled to the refund of or issuance of tax credit certificate in the amount of ₱216,919,286.53, allegedly representing the FWT erroneously withheld on the interest income derived by petitioner during the period covering December 2011 to December 2012 from its investments in T-Bonds.

Petitioner anchors its claim on Section 32(B)(7)(a) of the National Internal Revenue Code (NIRC) of 1997, as amended, which grants income tax exemption on dividend income derived by (a) foreign governments, (b) financing institutions owned, controlled, or those enjoying refinancing from foreign governments, and (c) international or regional financial institutions established by foreign governments from investments in the Philippines in loans, stocks, bonds, or other domestic securities.

Petitioner points out that it is a financial institution wholly-owned and controlled by the Government of Singapore whose principal objective is to preserve and enhance the international purchasing power of Singapore's reserves, and it is authorized and mandated to open and operate custody and current accounts as may be necessary for the safekeeping of assets and cash under its management.[31]

As a financial institution wholly-owned and controlled by the Government of Singapore, petitioner asserts exemption from the payment of Philippine income taxes on any income derived from investments in Philippine T-bonds.[32]

Moreover, petitioner argues that since its interest income is exempt from income tax under Section 32(B)(7)(a) of the NIRC of 1997, the income received from its investments in T-bonds is likewise exempt from FWT pursuant to Section 2.57.5 of Revenue Regulations (RR) No. 2-98.[33]

On the other hand, respondent contends that petitioner failed to prove that it is wholly-owned by the Government of Singapore since petitioner did not present sufficient evidence to prove the same. According to respondent, petitioner did not present any witness who could identify and has personal knowledge of a letter dated January 9, 2015 from the Ministry of Finance of Singapore.[34]

Respondent further argues that petitioner cannot rely on BIR Ruling (DA 130-02) in its action to claim for refund or issuance of tax credit certificate since it is peculiar only to Reco Grandhomes Pte Ltd, thus binding and applicable only between the BIR and the requesting party. Moreover, respondent states that a BIR Ruling is not a law and is more of an opinion given upon a taxpayer's request that may be subsequently revoked should the facts as represented are found to be different.[35]

[31] Par. 13, Petitioner's Memorandum, Docket, pp. 680-681.
[32] Par. 14, Petitioner's Memorandum, Docket, p. 681.
[33] Par. 29, Petitioner's Memorandum, Docket, p. 687.
[34] Respondent's Memorandum, Docket, p. 709.
[35] *Ibid.*

Petitioner's argument is meritorious.

It is noteworthy that the principal issue raised in this petition is not novel, as this Court had already resolved the same issue in a number of earlier cases.[36]

Section 32(B)(7)(a) of the NIRC of 1997, as amended, provides:

> "SEC. 32. *Gross Income.* –
>
> xxx xxx xxx
>
> (B) *Exclusions from Gross Income.* – The following items shall not be included in gross income and shall be exempt from taxation under this Title:
>
> xxx xxx xxx
>
> (7) *Miscellaneous Items.* –
>
> (a) *Income Derived by Foreign Government.* – Income derived from investments in the Philippines in loans, stocks, bonds or other domestic securities, or from interest on deposits in banks in the Philippines by (i) foreign governments, (ii) financing institutions owned, controlled, or enjoying refinancing from foreign governments, and (iii) international or regional financial institutions established by foreign governments."

In relation thereto, Section 2.57.5 of Revenue Regulations No. 2-98, as amended, provides: *ℒ*

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[36] *Commissioner of Internal Revenue vs. Government of Singapore Investment Corporation Pte. Ltd.* CTA EB No. 958, March 31, 2014; *Government of Singapore Investment Corporation Pte. Ltd. vs. Commissioner of Internal Revenue,* CTA Case No. 8030, September 5, 2012; *Government of Singapore Investment Corporation Pte. Ltd. vs. Commissioner of Internal Revenue,* CTA Case No. 7726, April 29, 2010; *Government of Singapore Investment Corporation Pte. Ltd. vs. Commissioner of Internal Revenue,* CTA Case No. 6745, June 6, 2008.

> "SECTION 2.57.5. *Exemption from Withholding.* – The withholding of creditable withholding tax prescribed in these Regulations shall not apply to income payments made to the following:
>
> xxx xxx xxx
>
> (B) Persons enjoying exemption from payment of income taxes pursuant to the provisions of any law, general or special, such as but not limited to the following:
>
> xxx xxx xxx"

The above provisions provide that for the interest income received by petitioner from its investments in T-Bonds to be exempt from income tax and consequently, from FWT, petitioner must either be a (1) foreign government, or (2) a financing institution owned, controlled, or enjoying refinancing from foreign governments, or (3) an international or regional financial institution established by foreign governments.

To prove that it is a financial institution wholly-owned by the Government of Singapore, petitioner submitted a notarized and authenticated copy of the Certification[37] issued by the Ministry of Finance of the Government of Singapore dated January 9, 2014, signed by Mr. Derrick Wan, Director for Reserves and Investment of Singapore, certifying that petitioner is wholly-owned by the Government of Singapore and was incorporated under the Singapore Companies Act on May 22, 1981. Petitioner's principal objective is to manage Singapore's foreign reserves.[38] It was also duly notarized and certified by the Philippine Consul in Singapore, Victorio Mario M. Dimagiba, Jr.,[39] to prove due execution of

[37] Exhibit "P-3", Docket, p. 436.
[38] Par. 2, Petitioner's Memorandum, Docket, p. 677.
[39] Docket, pp. 434-435.

the said document as required under Sections 19, 24, and 30 of Rule 132 of the Revised Rules of Court.[40]

As a rule, a Court can give due weight to documents executed in a foreign country only if there is an authentication issued by any Philippine Consular Office, its officer or deputy, proving its due execution. As explained by the Supreme Court in the case of *Angelita Lopez vs. Court of Appeals, et al.*[41]:

> "xxx when the special power of attorney is executed and acknowledged before a notary public or other competent official in a foreign country, it cannot be admitted in evidence unless it is certified as such in accordance with the foregoing provision of the rules by a secretary of embassy or legation, consul-general, consul, vice-consul or consular agent or by any officer in the foreign service of the Philippines stationed in the foreign country in which the record is kept of said public document and authenticated by the seal of his office. xxx"

[40] SEC. 19. *Classes of documents.* – For the purpose of their presentation in evidence, documents are either public or private.
Public documents are:
(a) The written official acts, or records of the official acts of the sovereign authority, official bodies and tribunals, and public officers, whether of the Philippines, or of a foreign country;
(b) Documents acknowledged before a notary public except last wills and testaments; and
(c) Public records, kept in the Philippines, of private documents required by law to the entered therein.
All other writings are private.
xxx
SEC. 24. *Proof of official record.* – The record of public documents referred to in paragraph (a) of Section 19, when admissible for any purpose, may be evidenced by an official publication thereof or by a copy attested by the officer having the legal custody of the record, or by his deputy, and accompanied, if the record is not kept in the Philippines, with a certificate that such officer has the custody. If the office in which the record is kept is in a foreign country, the certificate may be made by a secretary of the embassy or legation, consul general, consul, vice-consul, or consular agent or by any officer in the foreign service of the Philippines stationed in the foreign country in which the record is kept, and authenticated by the seal of his office.
xxx
SEC. 30. *Proof of notarial documents.* – Every instrument duly acknowledged or proved and certified as provided by law, may be presented in evidence without further proof, the certificate of acknowledgment being *prima facie* evidence of the execution of the instrument or document involved.
[41] G.R. No. 77008, December 29, 1987.

Petitioner, having proven that it is a financial institution wholly-owned and controlled by the Government of Singapore, is therefore exempt from the payment of income tax and final withholding tax on the interest income it derived from its investments in Philippine T-bonds pursuant to the provision of Section 32(B)(7)(a) of the NIRC of 1997, as amended, and Section 2.57.5 of Revenue Regulations No. 2-98, as amended.

However, in order for petitioner to be entitled to a refund of erroneously paid taxes, petitioner must comply with the requisites provided by law. In this regard, Section 229 of the NIRC of 1997, as amended, provides:

> "SEC. 229. *Recovery of Tax Erroneously or Illegally Collected.* – No suit or proceeding shall be maintained in any court for the recovery of any national internal revenue tax hereafter alleged to have been erroneously or illegally assessed or collected, or of any penalty claimed to have been collected without authority, or of any sum alleged to have been excessively or in any manner wrongfully collected, until a claim for refund or credit has been duly filed with the Commissioner; but such suit or proceeding may be maintained, whether or not such tax, penalty, or sum has been paid under protest or duress.
>
> In any case, 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: *Provided, however*, That the Commissioner may, even without a written claim therefor, refund or credit any tax, where on the face of the return upon which payment was made, such payment appears clearly to have been erroneously paid."

Based on the above-quoted provision, the following requisites must be proved before a taxpayer may be entitled to a refund: (1) that the tax has been erroneously or illegally collected, or the penalty has been collected without authority, and/or any sum has been excessively or in any manner wrongfully collected; and (2) the claim for refund or credit must have been filed within two years from the date of payment of the tax, or penalty, regardless of any supervening cause that may arise after payment.

Pursuant to Section 32(B)(7)(a) of the NIRC of 1997, as amended, the interest income earned by petitioner from its investments in Philippine T-Bonds is exempt from income tax. Therefore, the 20% final tax withheld from the interest income earned was erroneously or illegally collected.

To prove that petitioner erroneously paid the final tax of 20% on its interest income from Philippine T-Bonds, petitioner presented the following documentary evidence:

1. Certification from the Bureau of Treasury issued on February 11, 2014 confirming the amount of final taxes withheld from the coupons or interest income derived by the T-bonds recorded under Citibank Custodian Account with the BTr for the period of December 1, 2011 to December 31, 2012 (Exhibit "P-5");[42]

2. BTr's Statement of Interest Payment of Coupon/Maturity due by Government Securities Holders of Citibank covering the period of December 1, 2011 to December 31, 2012 (Exhibit "P-6-1");[43]

3. BTr's Statement of Interest Payment of Coupon/Maturity due by Government Securities Holders of Citibank for the period of December 1, 2011 to December 31, 2012 (Exhibit "P-6-2");[44]

4. BTr Journal Entry Vouchers covering the withholding of final tax on coupons and the remittance of the FWTs to

[42] Docket, p. 439.
[43] Docket, p. 440.
[44] Docket, p. 441.

the BIR (Exhibits "P-7-1" to "P-7-9" including submarkings);[45]

5. Certificate of Final Tax Withheld at Source (BIR Form No. 2306) issued by the BTr in favor of Citibank covering FWT in the total amount of ₱242,816,565.46 (Exhibit "P-8");[46]

6. Citibank's Coupon Entitlement Report for petitioner for the period covering December 2011 to December 2012 (Exhibit "P-11");[47]

7. BIR Revenue Accounting Division Certification No. RAD-14-03-156-Cert. dated March 20, 2014, confirming receipt of the FWTs on the BTr's coupon payments to Citibank's Registry of Scripless Securities (ROSS) Custodian Account for the period covering December 2011 to December 2012 (Exhibit "P-27");[48] and

8. BIR's letter dated August 1, 2014, granting petitioner's administrative claim for refund of the amount of ₱216,919,286.53, representing the FWT erroneously withheld on the interest income derived by petitioner during the period December 2011 to December 2012.

The above-mentioned exhibits show the withholding by the Bureau of Treasury of FWT on the interest payments made on said securities. The Bureau of Treasury issued a letter dated February 11, 2014[49] with attached Statement of Taxes Withheld[50], certified true copies of Journal Entry Vouchers (JEVs)[51] and BIR Form No. 2306[52]. The said letter certifies that final taxes totaling ₱242,816,565.56 were withheld from the subject securities on coupon payments for the period of December 1, 2011 to December 31, 2012, broken down as follows:[53]

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[45] Docket, pp. 442-483.
[46] Docket, p. 486.
[47] Docket, p. 519.
[48] Docket, p. 589.
[49] Exhibit "P-5", Docket, p. 439.
[50] Exhibits "P-6-1" and "P-6-2", Docket, pp. 440-441.
[51] Exhibits "P-7-1" to "P-7-9", Docket, pp. 442-485.
[52] Exhibit "P-8", Docket, p. 486.
[53] Exhibit "P-6-1", Docket, p. 440.

ISIN	Rate (%)	Coupon Date	Face Amount	Interest (Gross)	Taxes Withheld	Interest (Net of Tax)
PIBD1019B485	7.8750	20-Feb-12	₱1,046,300,000.00	₱ 41,198,062.50	₱ 8,239,612.50	₱ 32,958,450.00
PIBD1019B485	7.8750	22-Aug-12	1,101,300,000.00	43,363,687.50	8,672,737.50	34,690,950.00
PIBD0514A673	6.2500	27-Jan-12	12,551,955,014.00	392,248,594.19	78,449,718.84	313,798,875.35
PIBD0514A673	6.2500	27-Jul-12	13,445,632,000.00	420,176,000.00	84,035,200.00	336,140,800.00
PIBD0313A199	5.2500	9-Jan-12	3,255,600,000.00	85,459,500.00	17,091,900.00	68,367,600.00
PIBD0313A199	5.2500	9-Jul-12	3,246,000,000.00	85,207,500.00	17,041,500.00	68,166,000.00
PIBD1020L525	5.8750	16-Dec-11	1,760,960,051.00	51,728,201.50	10,345,640.30	41,382,561.20
PIBD1020L525	5.8750	18-Jun-12	1,604,436,716.00	47,130,328.53	9,426,065.71	37,704,262.82
PIBD1020L525	5.8750	17-Dec-12	1,619,436,716.00	47,570,953.53	9,514,190.71	38,056,762.82
				₱1,214,082,827.75	**₱242,816,565.56**	**₱971,266,262.19**

The amount of ₱242,816,565.56 represents the entire taxes withheld by the BTr on coupon interest payments made to Citibank, N.A., Philippine branch per its ROSS custody account, which is an omnibus account representing all its clients and not just petitioner.[54] The withheld taxes were recorded by the BTr with the corresponding JEV numbers, as follows:[55]

ISIN	Rate (%)	Coupon Date	Face Amount	Interest (Gross)	Taxes Withheld	BTr JEV No.
PIBD1019B485	7.8750	20-Feb-12	₱1,046,300,000.00	₱ 41,198,062.50	₱ 8,239,612.50	12-02-01434
PIBD1019B485	7.8750	22-Aug-12	1,101,300,000.00	43,363,687.50	8,672,737.50	12-08-08211
PIBD0514A673	6.2500	27-Jan-12	12,551,955,014.00	392,248,594.19	78,449,718.84	12-01-00841
PIBD0514A673	6.2500	27-Jul-12	13,445,632,000.00	420,176,000.00	84,035,200.00	12-07-07223
PIBD0313A199	5.2500	9-Jan-12	3,255,600,000.00	85,459,500.00	17,091,900.00	12-01-00228
PIBD0313A199	5.2500	9-Jul-12	3,246,000,000.00	85,207,500.00	17,041,500.00	12-07-06406
PIBD1020L525	5.8750	16-Dec-11	1,760,960,051.00	51,728,201.50	10,345,640.30	11-12-12552
PIBD1020L525	5.8750	18-Jun-12	1,604,436,716.00	47,130,328.53	9,426,065.71	12-06-05674
PIBD1020L525	5.8750	17-Dec-12	1,619,436,716.00	47,570,953.53	9,514,190.71	12-12-12206
				₱1,214,082,827.75	**₱242,816,565.56**	

The BTr remits the FWT to the Bureau of Internal Revenue. The BIR, in a certification[56] issued on March 20, 2014, through its Revenue Accounting Division, stated that the International Security Identification Numbers (ISIN) of the afore-mentioned securities were verified from its records, as follows: C

[54] Exhibit "P-31", Docket, p. 628.
[55] Exhibit "P-6-2", Docket, p. 441.
[56] Exhibit "P-27", Docket, p. 589.

ISIN	BTr JEV No.	BIR JEV No.	Date Recorded by BIR
PIBD1020L525	11-12-12552	2011-12-002953	29-Dec-2011
PIBD0313A199	12-01-00228	2012-01-000203	31-Jan-2012
PIBD0514A673	12-01-00841	2012-01-000203	31-Jan-2012
PIBD1019B485	12-02-01434	2012-02-000457	29-Feb-2012
PIBD1020L525	12-06-05674	2012-06-001510	29-Jun-2012
PIBD0313A199	12-07-06406	2012-07-001767	31-Jul-2012
PIBD0514A673	12-07-07223	2012-07-001767	31-Jul-2012
PIBD1019B485	12-08-08211	2012-08-002007	31-Aug-2012
PIBD1020L525	12-12-12206	2012-12-002942	28-Dec-2012

This shows that the total amount of ₱242,816,565.56 representing final taxes withheld from interest payments of the securities held by Citibank, N.A., Philippine branch have been remitted by the BTr, of which ₱216,919,286.53 pertains to petitioner, detailed as follows:[57]

ISIN / SECURITY ID	Face Value	Gross Annual Interest Rate (%)	Payout Rate (%)[58]	Coupon Date	Coupon/Interest		
					Gross Amount	20% FWT	Net Amount
PHY6972FMZ09/ PIBD1020L525	₱ 1,559,250,300.00	5.8750	2.9375	16-Dec-11	₱ 45,802,977.56	₱ 9,160,595.51	₱ 36,642,382.05
PHY6972FKN96/ PIBD0313A199	3,200,000,000.00	5.2500	2.6250	9-Jan-12	84,000,000.00	16,800,000.00	67,200,000.00
PHY6972FJC50/ PIBD0514A673	11,270,000,000.00	6.2500	3.1250	27-Jan-12	352,187,500.00	70,437,500.00	281,750,000.00
PHY6972FHT04/ PIBD1019B485	950,000,000.00	7.8750	3.9375	20 Feb 12	37,406,250.00	7,481,250.00	29,925,000.00
PHY6972FMZ09/ PIBD1020L525	1,559,250,300.00	5.8750	2.9375	18 Jun 12	45,802,977.56	9,160,595.51	36,642,382.05
PHY6972FKN96/ PIBD0313A199	3,200,000,000.00	5.2500	2.6250	9 Jul 12	84,000,000.00	16,800,000.00	67,200,000.00
PHY6972FJC50/ PIBD0514A673	11,270,000,000.00	6.2500	3.1250	27 Jul 12	352,187,500.00	70,437,500.00	281,750,000.00
PHY6972FHT04/ PIBD1019B485	950,000,000.00	7.8750	3.9375	22 Aug 12	37,406,250.00	7,481,250.00	29,925,000.00
PHY6972FMZ09/ PIBD1020L525	1,559,250,300.00	5.8750	2.9375	17 Dec 12	45,802,977.56	9,160,595.51	36,642,382.05
				Total	**₱1,084,596,432.68**	**₱216,919,286.53**	**₱867,677,146.15**

Based on the records of the case, the BTr remitted and paid to the BIR the first FWT on December 21, 2011[59]. Counting two years from such date, petitioner had until December 21, 2013, within which to file its claim for refund

[57] Exhibit "P-11", Docket, p. 519.
[58] On semi-annual basis.
[59] Exhibit "P-7-1", Docket, p. 442.

or issuance of tax credit certificate both administratively and judicially. Therefore, petitioner's administrative claim which was filed on December 16, 2013[60] and its judicial claim filed on December 19, 2013[61] were filed within the two-year prescriptive period. Evidently, petitioner likewise satisfied the second requirement.

In sum, the Court finds that petitioner has sufficiently established its entitlement to a refund/tax credit of its erroneously withheld final tax in the amount of ₱216,919,286.53.

WHEREFORE, premises considered, the present Petition for Review is hereby **GRANTED**. Accordingly, respondent is hereby **ORDERED TO REFUND OR TO ISSUE A TAX CREDIT CERTIFICATE** in favor of petitioner in the amount of **TWO HUNDRED SIXTEEN MILLION NINE HUNDRED NINETEEN THOUSAND TWO HUNDRED EIGHTY-SIX PESOS AND 53/100 (₱216,919,286.53)**, representing petitioner's erroneously withheld final tax.

SO ORDERED.

Cielito N. Mindaro-Grulla
CIELITO N. MINDARO-GRULLA
Associate Justice

WE CONCUR:

ROMAN G. DEL ROSARIO
Presiding Justice

ERLINDA P. UY
Associate Justice

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[60] Exhibit "P-26", Docket, pp. 578-588.
[61] Petition for Review, Docket, pp. 6-14.

C E R T I F I C A T I O N

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
Chairperson, 1st Division