REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

THIRD DIVISION

PETRON CORPORATION, *Petitioner,*	**CTA CASE NO. 10751**
	Members:
- versus -	**MANAHAN,** *Chairperson,* **REYES-FAJARDO,** *and* **ANGELES,** *JJ.*
COMMISSIONER OF INTERNAL REVENUE, *Respondent.*	Promulgated: JUN 17 2025 3:54 p.m.

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DECISION

ANGELES, J.:

Before this Court is a *Petition for Review*[1] filed by petitioner Petron Corporation *via* electronic mail on January 06, 2022,[2] praying that judgment be rendered ordering respondent to refund in favor of petitioner the amount of ₱32,282,257.63, representing its alleged excise taxes paid during the period January 01, 2020 to December 31, 2020 (the "Subject Period") for petitioner's imported lubricating oils and its additives, which were subsequently sold and delivered to tax-exempt entities.[3]

THE PARTIES

Petitioner is a domestic corporation duly registered with the Securities and Exchange Commission with Company Registration No. 31171, with principal office address located at the SMC Head Office Complex 40 San Miguel Avenue, Mandaluyong City.[4] It is registered with the Bureau of Internal Revenue (BIR) as evidenced in its BIR

[1] Petition for Review dated December 29, 2021, Docket – Vol. 1, pp. 11 to 34.
[2] Docket – Vol. 1, pp. 117 to 119.
[3] Prayer, Petition for Review, Docket – Vol. 1, p. 33.
[4] Exhibits "P-1" and "P-2," Docket – Vol. 2, p. 541 and p. 551; Summary of Admitted Facts, Joint Stipulation of Facts and Issues dated September 07, 2022 (JFSI), Docket – Vol. 1, p. 225.

Certificate of Registration No. OCN 8RC0000559947 with Tax Identification Number 000-168-801-00000.[5]

Respondent is the Commissioner of Internal Revenue (CIR) duly appointed and empowered to perform the duties of his office, including, among others, the duty to act and approve claims for refund as provided by law. He may be served with summons, notices and other court processes at his legal counsels at Litigation Division, Room 703, BIR National Office Building, Diliman, Quezon City.[6]

FACTS

On December 15, 2021, petitioner filed with the Large Taxpayers Excise Audit Division II of the BIR, its *Application for Tax Credits/ Refund* (BIR Form No. 1914)[7] and a letter dated December 10, 2021,[8] requesting for the refund of the excise taxes it paid on the importation of lubricating oils and its additives during the Subject Period in the amount of ₱32,282,257.63, which were allegedly subsequently sold to tax-exempt entities.

In view of the respondent's inaction upon its administrative claim for refund, petitioner filed the instant *Petition for Review via* electronic mail on January 06, 2022. Pursuant to the Court of Tax Appeals (CTA) *En Banc* Resolution No. 4-2021, petitioner filed a *Submission*[9] on February 02, 2022, submitting the hard copies of its *Petition for Review*. The *Petition* was originally raffled to the First Division of this Court.

Thereafter, on March 11, 2022, the Summons[10] dated March 08, 2022 was personally served upon the respondent requiring him to file, within thirty (30) days therefrom, an Answer to the *Petition for Review*. Respondent filed an *Answer*[11] on May 10, 2022. On May 30, 2022, the Court issued a *Resolution*[12] admitting the *Answer* although belatedly filed in the interest of justice.

A *Notice of Pre-Trial Conference*[13] dated June 16, 2022 was served upon the parties directing them or through their duly authorized representative and counsel to appear on August 11, 2022 at

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5 Exhibit "P-3," Docket – Vol. 2, p. 561.
6 Summary of Admitted Facts, JFSI, Docket – Vol. 1, pp. 225 to 226.
7 Exhibit "P-7," Docket – Vol. 2, p. 586.
8 Exhibit "P-6," Docket – Vol. 2, pp. 580 to 585.
9 Docket – Vol. 1, pp. 6 to 10.
10 Docket – Vol. 1, p. 125.
11 Docket – Vol. 1, pp. 128 to 137.
12 Docket – Vol. 1, p. 144.
13 Docket – Vol. 1, pp. 148 to 150.

9:00 a.m. for pre-trial and to file their respective pre-trial briefs at least three (3) days prior to such date. *Respondent's Pre-Trial Brief*[14] was filed on July 28, 2022, while petitioner's *Pre-Trial Brief*[15] was filed on August 03, 2022.

During the Pre-Trial Conference held on August 11, 2022, both parties appeared through their respective counsels who agreed that the issue be limited to "whether or not petitioner is entitled to its claim for refund in the amount of ₱32,282,257.63, representing excise taxes paid for the period January 01, 2020 to December 31, 2020 for petitioner's sales of imported lubricating oils and its additives to tax-exempt entities."[16]

On September 07, 2022, the parties filed their *Joint Stipulation of Facts and Issues*[17] in compliance with the Court's directive during the Pre-Trial Conference. Thus, the Pre-Trial was deemed terminated.[18] The *Pre-Trial Order*[19] was then promulgated on October 04, 2022.

Trial ensued.

During trial, petitioner presented and offered the testimonies of the following witnesses, namely: *(1)* Ms. Ma. Clarissa C. Arguelles,[20] petitioner's Tax Manager; *(2)* Mr. Jake Martin A. Magana,[21] petitioner's Officer-In-Charge, Commercial Services Manager; *(3)* Mr. Edicel R. Bautista,[22] petitioner's New Lube Oil Blending Plant (NLOBP) Manager; *(4)* Mr. Bentley Raymond L. Elgincolin,[23] petitioner's Area Sales Manager, Lubes and Greases International and Key Accountants; *(5)* Ms. Cristina C. Banogon,[24] petitioner's Technical Planning and Development Manager; and *(6)* Ms. Madonna Mia S.

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[14] Docket – Vol. 1, pp. 154 to 157.
[15] Docket – Vol. 1, pp. 161 to 180.
[16] Minutes of Hearing held on, and Order dated August 11, 2022, Docket – Vol. 1, unpaginated, and pp. 201 to 204.
[17] Docket – Vol. 1, pp. 225 to 231.
[18] Order dated September 9, 2022, Docket – Vol. 1, pp. 241 to 242.
[19] Docket – Vol. 1, pp. 288 to 306.
[20] Judicial Affidavit dated December 29, 2021, Exhibit "P-30," Docket – Vol. 1, pp. 44 to 58; Minutes of Hearing held on, and Order dated October 05, 2022, Docket – Vol. 1, pp. 307 to 312, and pp. 314 to 316.
[21] Judicial Affidavit dated August 03, 2022, Exhibit "P-31," Docket – Vol. 1, pp. 191 to 199; Minutes of Hearing held on, and Order dated October 05, 2022, Docket – Vol. 1, pp. 307 to 312, and pp. 314 to 316.
[22] Judicial Affidavit dated December 29, 2021, Exhibit "P-32," Docket – Vol. 1, pp. 73 to 81; Minutes of Hearing held on, and Order dated November 23, 2022, Docket – Vol. 1, pp. 418 to 418-C, and pp. 411 to 413.
[23] Judicial Affidavit dated December 29, 2021, Exhibit "P-33," Docket – Vol. 1, pp. 85 to 93; Minutes of Hearing held on, and Order dated November 23, 2022, Docket – Vol. 1, pp. 418 to 418-C, and pp. 411 to 413.
[24] Judicial Affidavit dated December 29, 2021, Exhibit "P-34," Docket – Vol. 1, pp. 97 to 107; Minutes of Hearing held on, and Order dated November 23, 2022, Docket – Vol. 1, pp. 418 to 418-C, and pp. 411 to 413.

Dayego,[25] the Court-commissioned Independent Certified Public Accountant (ICPA).[26]

On February 17, 2023, petitioner filed its *Formal Offer of Evidence*,[27] which was submitted for resolution on March 13, 2023[28] sans respondent's comment.[29] On March 22, 2023, respondent filed a *Motion to Admit Comment and Manifestation*[30] praying for the Court to admit the attached *Comment and Manifestation*[31] where it was manifested that respondent will no longer present any witness for the instant case.

In the *Resolution*[32] dated May 23, 2023, the Court granted respondent's *Motion to Admit Comment and Manifestation* and admitted the attached *Comment and Manifestation.* In the same *Resolution,* the Court resolved petitioner's *Formal Offer of Evidence* in accordance with the findings as to the admissibility and inadmissibility of petitioner's exhibits.

In the meantime, pursuant to Administrative Circular No. 01-2023 (Reorganizing the Divisions of the Court) dated May 23, 2023, the instant case was transferred to the Third Division.[33]

On June 16, 2023, petitioner filed an *Omnibus Motion for Reconsideration (Re: Resolution dated May 23, 2023) with Motion for Leave to Recall Madonna Mia S. Dayego, and Motion to Defer Filing of Memorandum*,[34] praying for the admission of the denied exhibits and deferment of the filing of its memorandum. On July 12, 2023, respondent filed a *Comment/Opposition Re: Petitioner's Omnibus Motion for Reconsideration.*[35]

In the *Resolution*[36] dated October 04, 2023, the Court resolved to: *(a)* partially grant petitioner's *Omnibus Motion for*

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[25] Judicial Affidavit dated November 17, 2022, Exhibit "P-36," Docket – Vol. 1, pp. 368 to 409; Minutes of Hearing held on, and Order dated November 23, 2022, Docket – Vol. 1, pp. 418 to 418-C, and pp. 411 to 413; Supplemental Judicial Affidavit dated January 25, 2023, Exhibit "P-62," Docket – Vol. 2, pp. 471 to 507; *Amended ICPA Report* dated December 23, 2022, Exhibit "P-40," Docket – Vol. 1, pp. 421 to 458; Minutes of Hearing held on, and Order dated January 31, 2023, Docket – Vol. 2, pp. 515 to 517 and pp. 518 to 519.
[26] *Oath of Commission* dated October 5, 2022, Docket – Vol. 1, p. 313; Minutes of Hearing held on, and Order dated October 05, 2022, Docket – Vol. 1, pp. 307 to 312, and pp. 314 to 316.
[27] Docket – Vol. 2, pp. 522 to 539.
[28] Resolution dated March 13, 2023, Docket – Vol. 2, p. 600.
[29] Records Verification Report dated March 3, 2023, Docket – Vol. 2, p. 593.
[30] Docket – Vol. 2, pp. 601 to 604.
[31] Docket – Vol. 2, pp. 606 to 608.
[32] Docket – Vol. 2, pp. 611 to 615.
[33] Notice, Docket – Vol. 2, p. 616.
[34] Docket – Vol. 2, pp. 619 to 634.
[35] Docket – Vol. 2, pp. 636 to 639.
[36] Docket – Vol. 2, pp. 643 to 651.

Reconsideration (Re: Resolution dated May 23, 2023); (b) deny petitioner's *Motion for Leave to Recall Madonna Mia S. Dayego and Motion to Defer Filing of Memorandum;* and *(c)* direct the parties to file their respective memoranda.

Respondent filed his *Memorandum*[37] on November 17, 2023. On December 14, 2023 and December 20, 2023, petitioner filed a *Tender of Excluded Evidence*[38] and an *Omnibus Motion to Reopen the Case (with Motion to Recall the Witness, Present Secondary Evidence, and Defer Filing of Memorandum)*,[39] respectively. Thereafter, on December 28, 2023, petitioner filed its *Memorandum*.[40] On January 26, 2025, respondent filed his *Comment/Opposition Re: Petitioner's Omnibus Motion to Reopen the Case (with Motion to Recall the Witness, Present Secondary Evidence, and Defer Filing of Memorandum)*.[41]

In the *Resolution*[42] dated April 18, 2024, the Court denied petitioner's *Omnibus Motion to Reopen the Case (with Motion to Recall the Witness, Present Secondary Evidence, and Defer Filing of Memorandum)* for lack of merit, and submitted the case for decision.

Hence, this Decision.

ISSUE

The issue submitted for resolution of the Court is as follows:

> WHETHER OR NOT PETITIONER IS ENTITLED TO ITS CLAIM FOR REFUND IN THE AMOUNT OF ₱32,282,257.63, REPRESENTING EXCISE TAXES PAID FOR THE PERIOD JANUARY 01, 2020 TO DECEMBER 31, 2020 FOR PETITIONER'S SALES OF IMPORTED LUBRICATING OILS AND ITS ADDITIVES TO TAX-EXEMPT ENTITIES.[43]

Petitioner's arguments

Petitioner anchors its entitlement to the claim for refund on the following: *(a)* both its administrative and judicial claims for refund were timely filed pursuant to Sections 204(C) and 229 of the National

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[37] Docket – Vol. 2, pp. 652 to 661.
[38] Docket – Vol. 2, pp. 664 to 673; Minute Resolution dated January 09, 2024, Docket – Vol. 2, p. 721.
[39] Docket – Vol. 2, pp. 674 to 687.
[40] Docket – Vol. 2, pp. 688 to 720.
[41] Docket – Vol. 2, pp. 723 to 730.
[42] Docket – Vol. 2, pp. 734 to 740.
[43] Issue to be Tried or Resolved, Pre-trial Order dated October 04, 2022, Docket – Vol. 1, p. 295.

Internal Revenue Code of 1997, as amended (Tax Code); *(b)* the imported tax-paid lubricating oils and its additives sold and delivered to tax-exempt entities are exempt from excise tax and any excise tax paid thereon is erroneous; *(c)* the purchases of imported lubricating oils and its additives were sourced from importations covering the Subject Period; and *(d)* petitioner is entitled to refund or credit of ₱32,282,257.63, representing erroneous excise taxes paid on petroleum products exempt under Section 135 of the Tax Code.

Respondent's counter-arguments

On the other hand, respondent counter-argues that: *(a)* petitioner is not entitled to the refund or tax credit of the alleged erroneous excise taxes in the amount of ₱32,282,257.63 allegedly paid for the Subject Period on its sale of imported lubricating oils and its additives to tax-exempt entities; and *(b)* claims for refund of excise taxes paid is authorized only by Section 130(D) of the Tax Code.

RULING OF THE COURT

The *Petition for Review* is denied.

The governing provisions applicable to the subject refund claim.

Sections 204(C) and 229 of the Tax Code provide as follows:

> SEC. 204. *Authority of the Commissioner to Compromise, Abate and Refund or Credit Taxes.* – The Commissioner may –
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> (C) Credit or refund taxes erroneously or illegally received or penalties imposed without authority, refund the value of internal revenue stamps when they are returned in good condition by the purchaser, and, in his discretion, redeem or change unused stamps that have been rendered unfit for use and refund their value upon proof of destruction. **No 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:** *Provided, however,* That a return filed showing an overpayment shall be considered as a written claim for credit or refund. (Emphasis supplied)
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> 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 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.
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> 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. (Emphasis supplied)

The aforequoted provisions are clear: within two (2) years from the date of payment of tax, the claimant must first file an administrative claim with respondent before filing its judicial claim with the courts of law. Both claims must be filed within a two (2)-year reglementary period. Timeliness of the filing of the claim is mandatory and jurisdictional, and thus the Court cannot take cognizance of a judicial claim for refund filed either prematurely or out of time. It is worthy to stress that as for the judicial claim, tax law even explicitly provides that it be filed within two (2) years from payment of the tax "regardless of any supervening cause that may arise after payment."[44]

Moreover, the foregoing provisions allow the recovery of taxes erroneously or illegally collected. An "erroneous or illegal tax" is defined as one levied without statutory authority, or upon property not subject to taxation, or by some officer having no authority to levy the tax, or one which is some other similar aspect is illegal.[45] In other words, what can be refunded or credited is a tax that is erroneously, illegally, excessively or in any manner wrongfully collected. In short, there must be a wrongful payment because what is paid, or part of it, is not legally due.[46]

With respect to the payment of excise taxes on imported articles and the exemption of petroleum products sold to exempt entities, Sections 131(A) and 135 of the Tax Code provide:

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[44] *Commissioner of Internal Revenue vs. San Miguel Corporation, et seq.*, G.R. Nos. 180740 and 180910, November 11, 2019.

[45] *Commissioner of Internal Revenue vs. Pilipinas Shell Petroleum Corporation*, G.R. No. 188497, April 25, 2012, citing the definition provided in BLACK'S LAW DICTIONARY, Fifth Edition, p. 486.

[46] *Commissioner of Internal Revenue vs. San Roque Power Corporation, et seq.*, G.R. Nos. 187485, 196113, and 197156, February 12, 2013.

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SEC. 131. *Payment of Excise Taxes on Imported Articles.* —

(A) *Persons Liable.* — **Excise taxes on imported articles shall be paid by the owner or importer to the Customs Officers, conformably with the regulations of the Department of Finance and before the release of such articles from the customs house**, or by the person who is found in possession of articles which are exempt from excise taxes other than those legally entitled to exemption. (Emphasis supplied)

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SEC. 135. *Petroleum Products Sold to International Carriers and Exempt Entities or Agencies.* - **Petroleum products sold to the following are exempt from excise tax**:

(a) International carriers of Philippine or foreign registry on their use or consumption outside the Philippines: Provided, That the petroleum products sold to these international carriers shall be stored in a bonded storage tank and may be disposed of only in accordance with the rules and regulations to be prescribed by the Secretary of Finance, upon recommendation of the Commissioner;

(b) Exempt entities or agencies covered by tax treaties, conventions and other international agreements for their use or consumption: Provided, however, That the country of said foreign international carrier or exempt entities or agencies exempts from similar taxes petroleum products sold to Philippine carriers, entities or agencies; and

(c) **Entities which are by law exempt from direct and indirect taxes.** (Emphasis supplied)

Accordingly, for the petitioner to prove its entitlement to the present claim for refund of excise taxes, the following must be established pursuant to Sections 131 and 135, in relation to Sections 204(C) and 229 of the Tax Code:

1. The claim for refund must be filed within the two (2)-year prescriptive period;

2. The entities to which the petitioner sold the petroleum products are entities exempt by law from direct and indirect taxes; and

3. Petitioner is the statutory taxpayer which actually paid the excise taxes sought to be refunded on the same imported petroleum products sold to the exempt entities.

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Petitioner, however, did not satisfy these essential requirements, as will be further elucidated below.

Petitioner failed to prove the dates of payments of the subject excise taxes, from which the two (2)-year prescriptive period must be reckoned.

Excise taxes on imported articles are generally paid by the owner or importer upon importation and prior to removal from the customs house, as provided in the aforecited Section 131(A) of the Tax Code. Consequently, the two (2)-year prescriptive period prescribed in Sections 204(C) and 229 of the Tax Code should be reckoned from the date of actual payment of the excise taxes.

For the Subject Period, petitioner alleged that the excise tax for the earliest importation was paid on **January 07, 2020.**[47] To support this claim, petitioner referred to Exhibits "P-12-1" to "P-12-1450,"[48] which were likewise identified and affirmed by its witness, Mr. Jake Martin A. Magana (Answers to Question Nos. 13 and 17 of his Judicial Affidavit, marked as Exhibit "P-31"[49]).[50] However, in its Resolution dated May 23, 2023,[51] the Court denied, *inter alia*, the admission of said Exhibits "P-12-1" to "P-12-1450," for failure to mark and compare them with the originals.

Given the inadmissibility of the evidence purportedly establishing the date of payment, the Court is precluded from determining whether the claim was filed within the prescribed period. Petitioner, therefore, failed to discharge the burden of proving the timely filing of its claim. In any event, even assuming *arguendo* that the claim was seasonably filed, the petition remains fatally flawed for failure to satisfy the other mandatory requisites.

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[47] Par. 60, petitioner's *Memorandum*, Docket – Vol. 2, p. 707.

[48] Supposedly consisting of "Petitioner's Importation Documents for 2020 excise tax refund on imported lubricating oils and additives including Supplier's Invoice (SI), Billing of Lading (BL)[,] Single Administrative Documents (SAD), Statement of Settlement of Duties and Taxes (SSDT), Custom Payment Receipt (CPR), Official Receipt (OR)[,] Authority to Release Good (ATRIG), and Surveyor's Report," as stated in petitioner's *Formal Offer of Evidence*, Docket – Vol. 2, at p. 524.

[49] Docket – Vol. 1, p. 196.

[50] Refer to footnote no. 15 (pertaining to par. 60) of petitioner's *Memorandum*, Docket – Vol. 2, p. 707.

[51] Docket – Vol. 2, pp. 611 to 615.

Petitioner failed to establish the tax-exempt status of all buyers.

To recall, petitioner claims that its importations of lubricating oils and its additives, which were subsequently sold to entities allegedly enjoying tax-exempt status, are exempt from excise tax pursuant to Section 135 of the Tax Code. On this premise, petitioner contends that the sum of ₱32,282,257.63, representing excise taxes paid on said transactions during the Subject Period, was erroneously or illegally collected and is thus refundable.

We do not agree.

The instant claim, amounting to ₱32,282,257.63, is allegedly comprised of excise taxes erroneously paid by petitioner on its importations of lubricating oils and its additives, which were thereafter sold and delivered to tax-exempt entities. The particulars of these transactions are as follows:

Customer	Volume in Liters	Excise Tax (₱10.00/Liters)
Lewisberg Warehousing and Logistics, Inc.	27,562	₱ 275,620.00
TDK Philippines Corporation	144	1,440.00
Petron Freeport Corporation	3,200,519.76	32,005,197.63
TOTAL	**3,228,225.76**	**₱32,282,257.63**

However, a scrutiny of the records reveals that only the tax exemption certificate[52] issued by the Subic Bay Metropolitan Authority in favor of Petron Freeport Corporation was admitted into evidence by the Court. The tax exemption certificates pertaining to Lewisberg Warehousing and Logistics, Inc., and TDK Philippines Corporation were denied admission by the Court[53] due to non-presentation or non-submission of the original copies issued by the Freeport Area Bataan, and Philippine Economic Zone Authority, respectively, for comparison. Thus, the corresponding total volume of 27,706 liters (27,562 plus 144 liters) with total excise taxes of ₱277,060.00 must be disallowed from the present claim for refund.

Petitioner failed to prove payment of the excise taxes subject of the refund.

[52] Exhibit "P-41-8," USB (Exhibit "P-40-2").
[53] Refer to the Resolution dated May 23, 2023, Docket – Vol. 2, at p. 613; and the Resolution dated October 04, 2023, Docket – Vol. 2, at p. 649.

Moreover, as ascertained by the ICPA, the subject importations and their corresponding excise tax payments can be further summarized as follows:

					Related to Claim	
Exhibit Number	Single Administrative Document (SAD) Number	Statement of Settlement of Duties and Taxes (SSDT)/ Custom Payment Receipt (CPR) (Exhibit Number)	Volume in Liters	Excise Tax	Volume in Liters	Excise Tax
"P-45-1-1"	C-1002354	"P-45-2-19"	1,089,540	₱10,895,400.00	14,351.34	₱ 143,513.40
"P-45-1-2"	C-1046649	"P-45-2-20"	1,103,646	₱11,036,460.00	51,021.18	510,211.80
"P-45-1-5"	C-1062509	"P-45-2-31"	736,613	₱ 7,366,130.00	96,706.19	967,061.90
"P-45-1-7"	C-1073576	"P-45-2-47"	1,756,594	₱17,565,940.00	380,253.34	3,802,533.40
"P-45-1-6"	C-1080216	-	590,245	₱5,902,450.00	350,037.20	3,500,372.00
"P-45-1-27"	C-1062655	"P-45-2-21"	1,067,906	₱10,679,060.00	58,861.00	588,610.00
"P-45-1-28"	C-18768	"P-45-2-22"	1,108,044	₱11,080,440.00	34,447.36	344,473.60
"P-45-1-31"	C-14821	"P-45-2-24"	1,142,716	₱11,427,160.00	7,513.40	75,134.00
"P-45-1-32"	C-19949	"P-45-2-25"	1,125,902	₱11,259,020.00	18,184.43	181,844.30
"P-45-1-33"	C-38843	"P-45-2-26"	1,146,351	₱11,463,510.00	17,482.24	174,822.40
"P-45-1-34"	C-1004566	"P-45-2-27"	1,155,452	₱11,554,520.00	28,128.36	281,283.60
"P-45-1-35"	C-1022720	"P-45-2-28"	1,150,062	₱11,500,620.00	31,834.96	318,349.60
"P-45-1-36"	C-1035333	"P-45-2-29"	1,152,423	₱11,524,230.00	62,832.76	628,327.60
"P-45-1-37"	C-1051285	"P-45-2-30"	1,162,265	₱11,622,650.00	63,897.38	638,973.80
"P-45-1-39"	C-6533	"P-45-2-33"	2,223,467	₱22,234,670.00	61,497.04	614,970.40
"P-45-1-41"	C-16824	"P-45-2-35"	2,236,964	₱22,369,640.00	72,474.20	724,742.00
"P-45-1-44"	C-40049	"P-45-2-38"	2,246,026	₱22,460,260.00	112,534.84	1,125,348.40
"P-45-1-47"	C-1035332	"P-45-2-41"	1,125,318	₱11,253,180.00	147,096.26	1,470,962.60
"P-45-1-48"	C-1034833	"P-45-2-42"	2,254,347	₱22,543,470.00	124,905.94	1,249,059.40
Unsupported by Stock Transfer Order Delivery Notes (STO-DN)/ Withdrawal Certificate (WC)/ Deliver Note (DN)/ Sales Invoice (SI) and not traced to Official Register Book (ORB)/ Product Movement by Movement Type (PMMT)					412,167.76	4,121,677.60
Not traced to importation documents due to lack of details/breakdowns/recon					1,081,998.58	10,819,985.80
				TOTAL	**3,228,225.76**	**₱32,282,257.60**

To substantiate the validity of its importations of lubricating oils and its additives, petitioner presented the above-stated SADs and SSDTs. However, an examination of petitioner's formally offered exhibits disclosed that certain SADs (*i.e.*, Exhibits "P-45-1-27" to "P-45-1-56") and SSDTs (*i.e.*, Exhibits "P-45-2-19" to "P-45-2-50") were among those denied admission by the Court in its Resolutions dated May 23, 2023[54] and October 04, 2023,[55] due to petitioner's failure to present the originals for comparison. Consequently, this Court cannot accord probative value to these documents, as doing so would contravene the settled rule that "evidence which has not been admitted

[54] Docket – Vol. 2, pp. 611 to 615.
[55] Docket – Vol. 2, pp. 643 to 651.

cannot be validly considered by the courts in arriving at their judgments."[56]

As a result, no importation of lubricating oils and its additives underlying petitioner's claim was adequately supported by **both** SADs and SSDTs. Petitioner's failure to present these essential documents is fatal to its case. Without them, this Court will be unable to ascertain with reasonable certainty whether petitioner indeed paid the excise taxes it now seeks to recover. Absent such proof, the Court cannot proceed to determine whether the excise taxes claimed were erroneously, illegally, or wrongfully paid.

Furthermore, the ICPA commissioned by the Court, in her summary of findings/recommendations,[57] disallowed the entire claim of ₱32,282,257.63 for the reasons hereinafter stated:

Reference No./ Exhibit No.	Particulars	Volume (in liters)	Amount of Excise Tax (at ₱10.00/liter)
Item I.A.1	**Amount per Claim per PFR**	**3,228,225.76**	**₱32,282,257.63**
	Total Findings/Downward Adjustments:		
	a. Downward adjustments pending submission of all certified true copies (CTCs)/original copies of importation documents and others:	1,761,463.42[58]	17,614,634.20[59]
Item II.B.2.a/ Table 2	1. Supported by photocopies of tax exemption certificates	27,706.00	277,060.00
Item II.B.2.b/ Table 3 (B)	2. Supported by CTCs of importation documents with photocopies of proof of payment (SSDT)	542,332.05	5,423,320.50
Item II.B.2.d/ Table 3 (C)	3. Supported by CTCs of importations without proof of payment	350,037.20	3,500,372.00
Item II.B.2 (D)	4. Supported by photocopies of importation documents with proof of payments	841,690.17	8,416,901.70
Item II.B.2.b/ Tables 3, 17, and 18	b. Unsupported by STO-DN/ WC/ DN, and not traced to ORB/ PMMT - Petron Freeport Corporation	407,463.76	4,074,637.60
Item II.B.2.b and II.E.21 Tables 3 and 17	c. Not Traced to importation documents, due to lack of details/breakdown/reconciliations	1,058,996.58	10,589,965.83

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[56] *Dra. Leila A. Dela Llano vs. Rebecca Biong, doing business under the name and style of Pongkay Trading*, G.R. No. 182356, December 04, 2013.
[57] Exhibit "P-40," Amended ICPA Report, Table 21, Docket – Vol. 1, p. 450.
[58] Upon verification, this should be 1,761,765.42.
[59] Upon verification, this should be ₱17,617,654.20.

	of excise tax of 1,081,985.58 liters with equivalent excise tax of ₱10,819,985.80 less 23,002 liters with equivalent excise tax of ₱230,019.97 which is already included in Item a.1		
Total Findings/Downward Adjustments		**3,228,225.76**	**₱32,282,257.63**

Time and again, the Supreme Court has held that that the taxpayer-claimant has the burden of proving the legal and factual bases of its claim for tax credit or refund. After all, tax refunds partake the nature of exemption from taxation, and as such, must be looked upon with disfavor. It is regarded as in derogation of the sovereign authority, and should be construed in *strictissimi juris* against the person or entity claiming the exemption. The taxpayer who claims for exemption must justify his claim by the clearest grant of organic or statute law and should not be permitted to stand on vague implications. The burden of proof rests upon the taxpayer to establish by sufficient and competent evidence its entitlement to a claim for refund.[60]

In fine, petitioner has utterly failed to substantiate the instant claim for refund. The evidence proffered falls short of establishing that the excise taxes in question were erroneously or illegally collected.

WHEREFORE, in light of the foregoing considerations, the present *Petition for Review* is **DENIED** for lack of merit.

SO ORDERED.

HENRY S. ANGELES
Associate Justice

WE CONCUR:

(Inhibited)
CATHERINE T. MANAHAN
Associate Justice

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

[60] *Commissioner of Internal Revenue v. Filminera Resources Corp.*, G.R. No. 236325, September 16, 2020.

ATTESTATION

I attest that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

CATHERINE T. MANAHAN
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, and the Division Chairperson's *Attestation,* 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