REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

COMMISSIONER OF INTERNAL REVENUE, *Petitioner,*	**CTA EB No. 3102** (CTA Case No. 10315)
	Present:
-versus-	**RINGPIS-LIBAN,** *Acting P.J.,* **MANAHAN, BACORRO-VILLENA, MODESTO-SAN PEDRO, REYES-FAJARDO, CUI-DAVID, FERRER-FLORES,** and, **ANGELES,** *JJ.*
	Promulgated:
DOLE PHILIPPINES, INC., *Respondent.*	NOV 20 2025 11:28 a.m.

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DECISION

REYES-FAJARDO, J.:

Before Us is the Petition for Review[1] dated March 19, 2025, filed by the Commissioner of Internal Revenue, challenging the Decision[2] dated August 30, 2024 and Resolution[3] dated February 10, 2025, handed down by the Court of Tax Appeals – Special Second Division (CTA in Division) in CTA Case No. 10315. The challenged Decision and Resolution partially granted Dole Philippines Inc.'s refund of excess and unutilized input Value-Added Tax (VAT) imputable to its zero-rated sales for the first to fourth quarters of Fiscal Year (FY) ending March 2019, in the amount of ₱1,357,425,033.02.

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1 *Rollo,* pp. 9-A to 22.
2 *Id.* at pp. 30-94.
3 *Id.* at pp. 96-99.

The facts follow.

Petitioner Commissioner of Internal Revenue **(CIR)** is empowered to perform the duties of his office, including acting upon protest cases and approval of claims for refund or tax credit as provided by law and implementing regulations.

Respondent Dole Philippines, Inc. is a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal address at Cannery Site, Cannery, Polomolok, South Cotabato. Its head office and branches throughout the Philippines are registered with the Bureau of Internal Revenue **(BIR)**.

On December 16, 2019, respondent filed before the BIR-VAT Credit Audit Division **(VCAD)** an administrative claim for VAT refund in the total amount of ₱1,381,096,733.07, allegedly representing unutilized input taxes directly attributable and allocable to its VAT zero-rated sales as declared in its VAT returns, for the taxable period from April 1, 2018 to March 31, 2019.

Also, on December 16, 2019, *Tax Verification Notice* No. TVN 201800116184 was issued to respondent, authorizing Revenue Officers (RO) Leo-Gibbs C. Tapiru, Dexter C. Bustillos, Ruth E. Jimenez, Jerome C. Manuncia, Estela G. Buenviaje, Ma. Cleofe T. Tasarra, Jonathan G. Simon, Michele Alonzo-Bucayu, Mary Ann B. Estacio, and Marjorie C. Dioso of the VCAD to verify respondent's supporting documents and/or pertinent records relative to its claim for VAT refund, covering the above-stated taxable period.

On July 16, 2020, respondent received petitioner's Decision (via the *VAT Refund Notice* dated February 20, 2020), *denying* its claim for a tax refund.

On August 20, 2020, respondent filed its Petition for Review, docketed as CTA Case No. 10315.

On August 20, 2024, the CTA in Division rendered the challenged Decision,[4] disposing CTA Case No. 10315, as follows:

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[4] *Supra* note 2.

> **WHEREFORE**, in light of the foregoing, the instant Petition for Review is **PARTIALLY GRANTED**.
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> Accordingly, [petitioner] is **ORDERED** to refund or issue a tax credit certificate in favor of [respondent] in the amount of **₱1,357,425,033.02**, representing petitioner's excess and unutilized input VAT attributable to its zero-rated sales for the first to fourth quarters of FY ending March 2019.
>
> **SO ORDERED.**

Petitioner partly moved,[5] but failed[6] to overturn the challenged Decision; hence, the present recourse.

Petitioner argues that the CTA in Division lacks jurisdiction over CTA Case No. 10315, insisting that respondent failed to adhere with the 90+30 days mandatory and jurisdictional periods under Section 112 of the 1997 National Internal Revenue Code (NIRC), as amended.

Petitioner further ascribes fault on the CTA in Division in considering all the documents presented by respondent for the first time at judicial level. Relying on *Pilipinas Total Gas, Inc. v. Commissioner of Internal Revenue (PTGI)*,[7] petitioner explains that since respondent's appeal before the CTA in Division was on account of his adverse decision, only those documents presented at administrative level should be considered.

Petitioner as well theorizes that the CTA in Division erred in partly granting respondent's refund of excess and unused input VAT, imputable to its zero-rated sales for the four (4) quarters of FY ending March 2019, in the amount of ₱1,357,425,033.02, citing the findings of his tax agents as bases.

On the other hand,[8] respondent retorts that the CTA in Division committed no reversible error in partly granting respondent's refund of excess and unused input VAT, imputable to its zero-rated sales for

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5 Respondent (now petitioner's) Motion for Partial Reconsideration (Re: Decision dated 20 August 2024). Docket (CTA Case No. 10315), pp. 1802-1811.

6 *Supra* note 3.

7 G.R. No. 207112, December 8, 2015.

8 Respondent's Comment and Opposition (to the Petition for Review dated 19 March 2025). *Rollo*, pp. 103-111.

the four (4) quarters of FY ending March 2019, in the amount of ₱1,357,425,033.02.

RULING

The Petition lacks merit.

First. The CTA in Division correctly took cognizance of CTA Case No. 10315. Section 7(a)(1) and (2) of Republic Act (RA) No. 1125,[9] as amended by RA No. 9282, which provides:

> Sec. 7. Jurisdiction. - The CTA shall exercise:
>
> a. Exclusive appellate jurisdiction to review by appeal, as herein provided:
>
> 1. Decisions of 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;
>
> 2. Inaction by the Commissioner of Internal Revenue in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relations thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue, where the National Internal Revenue Code provides a specific period of action, in which case the inaction shall be deemed a denial;
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> ...

Section 3(a)(1) and (2), Rule 4 of the Revised Rules of the Court of Tax Appeals[10] clarified that the Court of Tax Appeals (CTA) in Division has jurisdiction over the decision or inaction of respondent, involving refund of internal revenue taxes, among others.[11] Before

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9 An Act Creating the Court of Tax Appeals

10 A.M. 05-11-07-CTA.

11 SEC. 3. *Cases within the jurisdiction of the Court in Divisions*. - The Court in Divisions shall exercise:
(a) Exclusive appellate jurisdiction to review by appeal the following:
(1) Decisions of 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;

(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

the CTA in Division may exercise its jurisdiction over unutilized input VAT refund cases, Section 112(C) of NIRC, as amended by RA No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion Law (TRAIN) must be strictly observed, which reads:

> ***SEC. 112. Refunds or Tax Credits of Input Tax. -***
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> ...
>
> *(C) Period within which Refund of Input Taxes shall be Made.* — **In proper cases, the Commissioner shall grant a refund for creditable input taxes within ninety (90) days from the date of submission of the official receipts or invoices and other documents in support of the application** filed in accordance with Subsections (A) and (B) hereof: *Provided,* That should the Commissioner find that the grant of refund is not proper, the Commissioner must state in writing the legal and factual basis for the denial.
>
> **In case of full or partial denial of the claim for tax refund, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim, appeal the decision with the Court of Tax Appeals:** *Provided,* however, That failure on the part of any official, agent, or employee of the BIR to act on the application within the ninety (90)-day period shall be punishable under Section 269 of this Code.[12]

Relevantly, *Energy Development Corporation v. Commissioner of Internal Revenue (EDC)*[13] held that "the recent amendment (TRAIN) to Section 112 (C) finally removed the confusion on the reckoning period for judicial claims by legislating a singular action for the CIR to decide on the administrative claim for input VAT tax credit or refund *within* a period of ninety (90) days." Jurisprudence clarified that supporting documents are deemed complete upon the filing the refund claimant's administrative claim for input VAT refund.[14]

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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: ...

12 Boldfacing supplied.

13 G.R. No. 203367, March 17, 2021. Italics supplied.

14 See *Zuellig-Pharma Asia Pacific Ltd. Phils. ROHQ v. Commissioner of Internal Revenue,* G.R. No. 244154, July 15, 2020. Beginning June 11, 2014, or upon effectivity of RMC No. 54-2014, the documents are deemed complete upon filing of the claimant's administrative claim for input VAT refund.

On December 16, 2019, respondent filed its administrative claim for input VAT refund before the BIR - VCAD.[15] Counting ninety (90) days from December 16, 2019, the BIR - VCAD had until March 15, 2020 to decide said administrative claim. Therefore, the VAT Refund Notice dated February 20, 2020 was issued well-within the ninety (90)-day period to decide under Section 112(C) of the NIRC, as amended.

On July 16, 2020, respondent received petitioner's VAT Refund Notice.[16] Counting thirty (30) days therefrom, respondent *initially* had until August 15, 2020 to appeal before the CTA in Division. Considering that Supreme Court Administrative Circular No. 43A-2020[17] suspended the filing of pleadings from August 4, 2020 to August 19, 2020, and that August 19, 2020 is a special non-working day in Quezon City, respondent had until August 20, 2020 to appeal before the CTA in Division. *Ergo*, the timely filing of its Petition[18] on August 20, 2020, clothed the CTA in Division with jurisdiction over CTA Case No. 10315.

Second. Petitioner misunderstood *PTGI*.[19] For reference, petitioner quoted the following passage in said case:

> A distinction must, thus, be made between administrative cases appealed due to inaction and those dismissed at the administrative level due to the failure of the taxpayer to submit supporting documents. **<u>If an administrative claim was dismissed by the CIR due to the taxpayer's failure to submit complete documents despite notice/request</u>**, then the judicial claim before the CTA would be dismissible, not for lack of jurisdiction, but for the taxpayer's failure to substantiate the claim at the administrative level. When a judicial claim for refund or tax credit in the CTA is an appeal of an unsuccessful administrative claim, the taxpayer has to convince the CTA that the CIR had no reason to deny its claim. It, thus, becomes imperative for the taxpayer to show the CTA that not only is he entitled under substantive law to his claim for refund or tax credit, but also that he satisfied all the documentary and evidentiary requirements for an administrative claim. It is, thus, crucial for a taxpayer in a judicial claim for refund or tax credit to show that its administrative claim should have been granted in the first place. **<u>Consequently, a taxpayer cannot cure its failure to</u>**

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15 Exhibits "P-46" and "P-47." Docket (CTA Case No. 10315), pp. 1480, and 1481-1482, respectively.
16 Exhibit "P-54." *Id.* at pp. 1523-1525.
17 SUBJECT: ADDENDUM TO ADMINISTRATIVE CIRCULAR NO. 43-2020.
18 Docket (CTA Case No. 10315), pp. 6-48.
19 *Supra* note 7.

> **<u>submit a document requested by the BIR at the administrative level by filing the said document before the CTA.</u>**[20]

In *Commissioner of Internal Revenue v. Oceanagold (Philippines), Inc. (OPI),*[21] the Court made the following discourse regarding the interpretation of the foregoing passage in *PTGI*:

> In an administrative claim for input VAT refund, *[PTGI]* envisioned two (2) scenarios, namely: (1) dismissal thereof by the BIR due to the taxpayer's failure to submit complete documents, despite the former's notice or request; or (2) inaction tantamount to a denial, or denial *other than* due to taxpayer's failure to submit complete documents[,] despite notice or request.
>
> In the *first* situation, the refund claimant must show the Court its entitlement to a VAT refund under substantive law, and submission of complete supporting documents at the administrative level, as requested by the BIR. In the *second* situation, the refund claimant may present all evidence to prove its entitlement to a VAT refund and the Court will consider all evidence offered even those not presented before [petitioner] at the administrative level.

Following *OPI,* for the CTA to be solely tied down to the documents presented by the claimant at administrative level, the denial or dismissal by petitioner of a claimant's administrative claim for input VAT refund due to incomplete documents, *must be preceded by a previous request for submission of complete documents from the BIR.* In reverse, if said denial or dismissal was *not preceded by a previous request for submission of complete documents from the BIR,* then the CTA may consider evidence presented both at the administrative and the judicial level.

Here, though respondent's appeal before the CTA in Division was because of its unsuccessful administrative claim for input VAT refund, the BIR neither requested documents, nor notified respondent of the inadequacy of its supporting documents at the administrative level. Consistent with *OPI* and *PTGI,* the CTA in Division aptly considered the supporting documents provided by respondent, irrespective of whether the same were submitted at the BIR level.

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20 Quoted by petitioner as two separate paragraphs. See page 8, Petition in CTA EB No. 3102. *Rollo,* p. 15. Emphases ours.

21 CTA EB No. 2780, August 30, 2024.

Third. Petitioner cites the evaluation of his tax agents to shore up his stance that respondent's input VAT refund covering the four (4) quarters of FY ending March 2019 should be rejected in its entirety.[22] Meanwhile, the CTA in Division reviewed the evidence, and found that respondent adhered with all the conditions for entitlement to an input VAT refund under Section 112 of the NIRC, as amended, to the extent of ₱1,357,425,033.02.[23] Given that petitioner did not claim, much more, establish that the CTA in Division gravely abused its discretion in allowing said refund, the latter's ruling stands. Indeed, "the findings of fact by the CTA in Division are not to be disturbed without any showing of grave abuse of discretion considering that the members of the Division are in the best position to analyze the documents presented by the parties."[24]

WHEREFORE, the Petition for Review dated March 19, 2025, filed by the Commissioner of Internal Revenue in CTA EB No. 3102 is **DENIED**, for lack of merit. The Decision dated August 30, 2024 and Resolution dated February 10, 2025, rendered by the Court of Tax Appeals - Special Second Division in CTA Case No. 10315, are **AFFIRMED**.

SO ORDERED.

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

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Acting Presiding Justice

ON LEAVE
CATHERINE T. MANAHAN
Associate Justice

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22 See pages 9-11 of the Petition in CTA EB No. 3102. *Rollo*, pp. 16-18.
23 See pages 15 to 64 of the challenged Decision. *Rollo*, pp. 44-93.
24 *Republic of the Philippines v. Team (Phils.) Energy Corporation*, G.R. No. 188016, January 14, 2015.

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

LANEE S. CUI-DAVID
Associate Justice

CORAZON G. FERRER-FLORES
Associate Justice

HENRY S. ANGELES
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.

MA. BELEN M. RINGPIS-LIBAN
Acting Presiding Justice