REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SECOND DIVISION

CHEVRON HOLDINGS, INC.,
Petitioner,

CTA CASE NO. 9021

Members:

CASTAÑEDA, JR., *Chairperson,*
CASANOVA, and
MANAHAN, *JJ.*

- versus –

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

Promulgated:

FEB 05 2018

8:15 a.m.

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DECISION

CASTAÑEDA, JR., *J.:*

THE CASE

This is a Petition for Review[1] filed by Chevron Holdings, Inc. to seek the refund or issuance of a tax credit certificate (TCC) in the aggregate amount of ₱101,103,433.99, allegedly representing its excess and unutilized input value-added tax (VAT) attributable to zero-rated transactions for the four (4) quarters of calendar year (CY) 2013.

[1] Docket Vol. I, pp. 10-18.

THE FACTS

Petitioner Chevron Holdings, Inc. is the Philippine branch of Chevron Holdings, Inc. (CHI), a multinational company organized and existing under and by virtue of the laws of the State of Delaware, United States of America. It is licensed by the Securities and Exchange Commission (SEC) to transact business in the Philippines as a regional operating headquarters (ROHQ) under SEC Registration No. A199802486 dated June 3, 1998 with registered office address at the 35th Floor, Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue, 1200 Makati City.[2] Petitioner is likewise registered with the BIR as a VAT taxpayer and was issued a Certificate of Registration No. OCN 8RC0000039799 dated July 30, 1998 with Tax Identification Number (TIN) 201-056-391-000.[3]

On the other hand, respondent is the duly appointed Commissioner of Internal Revenue vested under the appropriate laws with the authority to carry out the functions, duties, and responsibilities of said office, including, *inter alia*, the power to decide, approve, and grant refunds and/or tax credits of overpaid and erroneously paid or collected internal revenue taxes. He holds office at the 5th Floor, Bureau of Internal Revenue (BIR) National Office Building, Agham Road, Diliman, Quezon City.

Petitioner's purpose, as ROHQ in the Philippines, is limited to general administration and planning; business planning and coordination; sourcing/procurement of raw materials and components; corporate finance advisory services; marketing control and sales promotion; training and personnel management; logistic services; research and development services and product development; technical support and maintenance; data processing and communication; and business development.[4]

Petitioner filed its Quarterly VAT Returns (BIR Form No. 2550Q) for the four quarters of CY 2013 on the following dates:

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[2] Exhibits "P-1" and "P-2".
[3] Par. 2, Stipulated Facts, Joint Stipulation of Facts and Issues (JSFI), Docket vol. V, p. 1808; Exhibit "P-3".
[4] Exhibits "P-1" and "P-2".

CY 2013	VAT RETURN	DATE FILED
First Quarter	Original	April 24, 2013[5]
	Amended	January 28, 2014[6]
Second Quarter	Original	July 25, 2013[7]
	Amended	March 10, 2014[8]
Third Quarter	Original	October 22, 2013[9]
	Amended	January 24, 2014[10]
Fourth Quarter	Original	January 24, 2014[11]
	Amended	February 19, 2014[12]

Petitioner then filed with the BIR Large Taxpayer Services (BIR-LTS) and BIR Large Taxpayers Excise and Audit Division (BIR-LTEAD II) different administrative claims for the refund and/or issuance of TCC for unutilized input VAT for the four quarters of CY 2013, with the following details:

CY 2013	Date of Filing of Administrative Claim	Amount of Claim
1st Quarter	October 31, 2014[13]	₱21,119,273.12
2nd Quarter	November 3, 2014[14]	₱25,016,267.42
3rd Quarter	November 4, 2014[15]	₱27,170,624.04
4th Quarter	November 5, 2014[16]	₱27,797,269.41

On December 12, 2014, petitioner received Letter of Authority (LOA) No. LOA-124-2014-00000140 (eLA201100087136)[17] dated November 13, 2014 for the examination of petitioner's books of accounts and other accounting records for VAT for the period of January 1, 2013 to December 31, 2013.[18] /r

[5] Exhibit "P-4.1".
[6] Exhibit "P-4.2".
[7] Exhibit "P-5-1".
[8] Exhibit "P-5.2".
[9] Exhibit "P-6.1".
[10] Exhibit "P-6.2".
[11] Exhibit "P-7.1".
[12] Exhibit "P-7.2".
[13] Par. 3, Stipulated Facts, JSFI, Docket Vol. V, p. 1808; Exhibit "P-8.1".
[14] Par. 4, Stipulated Facts, JSFI, Docket Vol. V, p. 1808; Exhibit "P-8.2".
[15] Par. 5, Stipulated Facts, JSFI, Docket Vol. V, p. 1808; Exhibit "P-8.3".
[16] Par. 6, Stipulated Facts, JSFI, Docket Vol. V, p. 1808; Exhibit "P-8.4".
[17] Exhibit "P-9".
[18] Par. 7, Stipulated Facts, JSFI, Docket Vol. V, p. 1808.

On March 5, 2015, petitioner received a letter[19] dated January 30, 2015 from the BIR-LTS which denied its administrative claim for refund or issuance of TCC for unutilized input VAT for the four quarters of CY 2013 in the aggregate amount of ₱101,103,433.99.[20]

Thus, petitioner filed the present Petition for Review on March 30, 2015.[21]

Within the extended time granted by the Court,[22] respondent filed his Answer[23] on July 2, 2015, interposing the following special and affirmative defenses:

"SPECIAL AND AFFIRMATIVE DEFENSES

4. Respondent hereby reiterates and repleads the preceding graphs of this Answer as part of her Special and Affirmative Defenses;

Petitioner's claim for refund of excess and unutilized input VAT should be denied for petitioner's failure to establish the recipients of its services do business outside the Philippines

5. Petitioner anchors its claim for refund or tax credit under Section 108 (B) of the NIRC as amended, which states that:

(B) Transactions Subject to Zero Percent (0%) Rate - The following services performed in the Philippines by

[19] Exhibit "P-10".
[20] Par. 8, Stipulated Facts, JSFI, Docket Vol. V, p. 1808.
[21] Docket Vol. I, pp. 10-20.
[22] Orders dated May 11, 2015, June 1, 2015, and June 30, 2015, Docket Vol. I, pp. 103, 109, and 115.
[23] Docket Vol. I, pp. 116-124.

> VAT-registered persons shall be subject to zero percent (0%) rate.
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> xxx
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> **(2) Services other than those mentioned in the preceding paragraph, rendered to a person engaged in business conducted outside the Philippines or to a non-resident person not engaged in business who is outside the Philippines when the services are performed, the consideration for which is paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas** (BSP).
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> xxx

6. According to the above stated provision, services must be performed in the Philippines by a VAT registered person to a person engaged in business conducted outside the Philippines or to a non-resident person not engaged in business who is outside the Philippines when the services are performed.

7. Compliance with the aforementioned provisions of the 1997 NIRC, as amended, as well as the existing rules and regulations are necessary to establish its claim, that indeed there is the presence of valid zero-rated sales which would warrant the grant of the administrative application for refund of its unapplied/unutilized input VAT as well as the submission of supporting documents to corroborate the claim being applied for.

8. Simply put, the place where the recipient of the service conducts its business is material to consider a zero-rated transaction. In fact, in the ***Commissioner of***

Internal Revenue v. Burmeister and Scandinavian Contractor Mindanao, Inc. case, the High Court found that, although the place of the consumption of the service does not affect the entitlement of a transaction to zero-rating, the place where the recipient conducts its business does.

9. The Supreme Court in the case of Accenture, Inc., vs. CIR, GR No. 190102, July 11,2012, ruled as follows:

> **Accenture has failed to establish that the recipients of its services do business outside the Philippines.**
>
> Accenture argues that based on the documentary evidence it presented, it was able to establish the following circumstances:
>
> 1. The records of the Securities and Exchange Commission (SEC) show that Accenture's clients have not established any branch office in which to do business in the Philippines.
>
> 2. For these services, Accenture bills another corporation, Accenture Participations B.V. (APB), which is likewise a foreign corporation with no 'presence in the Philippines.'
>
> 3. Only those not doing business in the Philippines can be required under BSP rules to pay in acceptable currency for their purchase of goods and services from the Philippines. Thus, in a domestic transaction, where the provider and recipient of services are both doing business in the Philippines, the BSP

cannot require any party to make payment in foreign currency.

Accenture claims that these documentary pieces of evidence are supported by the Report of Emmanuel Mendoza, the Court-commissioned Independent Certified Public Accountant. He ascertained that Accenture's gross billings pertaining to zero-rated sales were all supported by zero-rated Official Receipts and Billing Statements. These documents show that these zero-rated sales were paid in foreign exchange currency and duly accounted for in the rules and regulations of the BSP.

In the CTA's opinion, however, the documents presented by Accenture merely substantiate the existence of the sales, receipt of foreign currency payments, and inward remittance of the proceeds of these sales duly accounted for in accordance with BSP rules. Petitioner presented no evidence whatsoever that these clients were doing business outside the Philippines. Accenture insists, however, that it was able to establish that it had rendered services to foreign corporations doing business outside the Philippines, unlike in *Burmeister*, which allegedly involved a foreign corporation doing business in the Philippines.

We deny Accenture's Petition for a tax refund.

The evidence presented by Accenture may have established that its clients are foreign. This fact 🖉

does not automatically mean, however, that these clients were doing business outside the Philippines. After all, the Tax Code itself has provisions for a foreign corporation engaged in business within the Philippines and vice versa, to wit:

SEC. 22. *Definitions* - When used in this Title:

x x x

(H) The term '*resident foreign corporation*' applies to a foreign corporation engaged in trade or business within the Philippines.

(I) The term '*nonresident foreign corporation*' applies to a foreign corporation not engaged in trade or business within the Philippines. (Emphasis in the original)

Consequently, to come within the purview of Section 108(B)(2), it is not enough that the recipient of the service be proven to be a foreign corporation; rather, it must be specifically proven to be a nonresident foreign corporation.

<u>There is no specific criterion as to what constitutes 'doing' or 'engaging in' or 'transacting' business. We ruled thus in *Commissioner of Internal Revenue v. British Overseas Airways Corporation*:</u>

<u>x x x. There is no specific criterion as to what constitutes 'doing' or 'engaging in' or 'transacting' business. Each case must</u>

be judged in the light of its peculiar environmental circumstances. The term implies a continuity of commercial dealings and arrangements, and contemplates, to that extent, the performance of acts or works or the exercise of some of the functions normally incident to, and in progressive prosecution of commercial gain or for the purpose and object of the business organization. 'In order that a foreign corporation may be regarded as doing business within a State, there must be continuity of conduct and intention to establish a continuous business, such as the appointment of a local agent, and not one of a temporary character.'

A taxpayer claiming a tax credit or refund has the burden of proof to establish the factual basis of that claim. Tax refunds, like tax exemptions, are construed strictly against the taxpayer. Accenture failed to discharge this burden. It alleged and presented evidence to prove only that its clients were foreign entities. However, as found by both the CTA Division and the CTA *En Banc*, no evidence was presented by Accenture to prove the fact that the foreign clients to whom petitioner rendered its services were clients doing business outside the Philippines.

As ruled by the CTA *En Banc*, the Official Receipts, Intercompany Payment Requests, Billing Statements, Memo Invoices-Receivable, Memo Invoices-Payable, and Bank Statements presented by Accenture merely substantiated the existence of sales, receipt of foreign currency payments, and inward

> remittance of the proceeds of such sales duly accounted for in accordance with BSP rules, all of these were devoid of any evidence that the clients were doing business outside of the Philippines.

10. Petitioner in its petition for review merely mentioned in passing that petitioner rendered services to persons located and conducting business outside the Philippines. Pertinent part of the petition is quoted hereunder for easy reference, to wit:

    > 'During the four quarters of CY 2013, Petitioner rendered services in the Philippines to persons located and conducting business outside the Philippines. As consideration for such services. Petitioner was paid in acceptable foreign currencies and accounted for in accordance with rules and regulations of Bangko Sentral ng Pilipinas (BSP).'

11. The foregoing allegations are mere self-serving allegations not supported by any concrete evidence.

12. Further, petitioner alleged in its petition that 'Despite the issuance of the LOA, Respondent neither notified nor required petitioner to submit any additional document in support of its administrative claims for refund'.

13. Such argument runs contrary to its own allegations contained under paragraphs 10,11,12 and 13 of the petition which states that:

    > Petitioner attached to its administrative claim for refund the relevant documents required by laws and pertinent regulations.

14. In addition, petitioner through its General Manager Kee Teek Hong executed a sworn certification4 which certify that the documents submitted are complete for the purpose of processing its claim for Value Added Tax (VAT) refund/credit and that those documents are the only documents that will be presented to support its claim. Pursuant to Revenue Memorandum Circular No. 54-2014 dated June 11,2014, a decision shall be rendered by respondent based only on the documents submitted.

15. A perusal of the documents submitted disclosed that not a bit would prove that petitioner's clients are doing business outside the Philippines.

16. Accordingly, the documents submitted could not justify the essential requirement of proving that the services were rendered to foreign client doing business outside the Philippines to qualify as zero-rated sales. Thus, the claim for refund/tax credit certificate of unutilized input tax amounting to P101,103,433.99 covering the period January to December 2013 was properly denied.

17. In an action for refund, the burden of proof is on the taxpayer who claims the exemption and he must justify his claim by the clearest grant under the Constitutional or statutory law and cannot be permitted by vague implications. The taxpayer is charged with the burden of proving that he has complied with and satisfied all the statutory and administrative requirements to be entitled to the tax refund."

The Pre-Trial Conference was set on August 6, 2015.[24]

[24] Notice of Pre-Trial Conference, Docket Vol. I, pp. 127-128.

The Respondent's Pre-Trial Brief[25] was filed on September 10, 2015; while the Petitioner's Pre-Trial Brief[26] was filed on September 11, 2015.

The parties filed their Joint Stipulations of Facts and Issues[27] on October 7, 2015. This was approved by the Court and adopted in the Pre-Trial Order[28] on October 14, 2015.

Upon motion of petitioner,[29] the Court commissioned Ms. Czarina R. Miranda, as the Independent Certified Public Accountant (ICPA).[30]

During trial, petitioner presented the following witnesses: Ms. Carolyn C. Ardina[31], its Finance-Coordinator – Business Analysis and Support; Ms. Ma. Nerita C. Ferreol[32], its Manager – Business Analysis and Support; Ms. Jennifer A. Valdez[33], its Fixed Assets Team Leader; and Ms. Czarina R. Miranda[34], the Court-commissioned ICPA.

Petitioner's Formal Offer of Evidence with Motion to Set Commissioner's Hearing[35] was filed on April 29, 2016. In the Resolution[36] dated May 24, 2016, the Court granted petitioner's Motion to Set Commissioner's Hearing while the resolution of its Formal Offer of Evidence was held in abeyance. gr

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[25] Docket Vol. I, pp. 141-144.
[26] Docket Vol. I, pp. 155-178.
[27] Docket Vol. V, pp. 1807-1822.
[28] Docket Vol. V, pp. 1825-1831.
[29] Docket Vol. V, pp. 1859-1862.
[30] Oath of Commission, Docket Vol. V, p. 1936.
[31] Minutes of the Hearing dated October 19, 2015 and March 30, 2016, Docket Vol. V, p. 1840 and 2108; Exhibits "P-27" and "P-67", Sworn Statement of Ms. Carolyn C. Ardina To Questions Propounded By Atty. Strella Marie G. Sacdalan; and Supplemental Sworn Statement of Ms. Carolyn C. Ardina To Questions Propounded By Atty. Strella Marie G. Sacdalan, Docket Vol. I, pp. 251-265 and Vol. V, pp. 2035-2042.
[32] Minutes of the Hearing dated November 11, 2015, Docket Vol. V, p. 1928; Exhibit "P-26", Amended Sworn Statement of Ms. Ma. Nerita C. Ferreol To Questions Propounded By Atty. Strella Marie G. Sacdalan, Docket Vol. V, pp. 1881-1914.
[33] Minutes of the Hearing dated November 11, 2015, Docket Vol. V, p. 1928; Exhibit "P-28", Sworn Statement of Ms. Jennifer A. Valdez To Questions Propounded By Atty. Strella Marie G. Sacdalan, Docket Vol. I, pp. 182-187.
[34] Minutes of the Hearing dated January 25, 2016 and March 30, 2016, Docket Vol. V, pp. 2027 and 2108; Exhibits "P-56" and "P-68", Sworn Statement of Ms. Czarina R. Miranda To Questions Propounded By Atty. Strella Marie G. Sacdalan; and Supplemental Sworn Statement of Ms. Czarina R. Miranda To Questions Propounded By Atty. Strella Marie G. Sacdalan,, Docket Vol. V, pp. 1960-1993 and 2072-2074.
[35] Docket Vol. V, pp. 2112-2190.
[36] Docket Vol. V, pp. 2197-2198.

Thereafter, petitioner filed a Supplemental Formal Offer of Evidence[37] on June 17, 2016. This was resolved by the Court together with petitioner's Formal Offer of Evidence in the Resolution[38] dated August 24, 2016, wherein the Court admitted Exhibits "P-1", "P-2", "P-3", "P-4.1", "P-4.2", "P-5.1", "P-5.2", "P-6.1", "P-6.2", "P-7.1", "P-7.2", "P-8.1", "P-8.1.1", "P-8.2", "P-8.2.1", "P-8.3", "P-8.3.1", "P-8.4", "P-8.4.1", "P-9", "P-10", "P-11.1", "P-11.2", "P-12.1", "P-12.2", "P-13", "P-14.1", "P-14.2", "P-15.1", "P-15.2", "P-16.1", "P-16.2", "P-16.3", "P-16.4", "P-16.5", "P-16.6", "P-16.7", "P-16.8", "P-16.9", "P-16.10", "P-16.11", "P-16.12", "P-16.13", "P-16.14", "P-16.15", "P-16.16", "P-16.17", "P-16.18", "P-16.19", "P-16.20", "P-16.21", "P-16.22", "P-16.23", "P-16.24", "P-16.25", "P-16.26", "P-16.27", "P-16.28", "P-16.29", "P-16.30", "P-16.31", "P-16.32", "P-16.33", "P-16.34", "P-16.35", "P-16.36", "P-16.37", "P-16.38", "P-16.39", "P-16.40", "P-16.41", "P-16.42", "P-16.43", "P-16.44", "P-16.45", "P-16.46", "P-16.47", "P-16.48", "P-16.49", "P-16.50", "P-16.51", "P-16.52", "P-16.53", "P-16.54", "P-16.55", "P-16.56", "P-16.57", "P-16.58", "P-16.59", "P-17.1", "P-17.2", "P-17.3", "P-17.3.1", "P-17.4", "P-17.5", "P-17.6", "P-17.7", "P-17.8", "P-17.9", "P-17.9-1", "P-17.10", "P-17.11", "P-17.12", "P-17.13", "P-17.13.1", "P-17.14", "P-17.14.1", "P-17.15", "P-17.16", "P-17.17", "P-17.17.1", "P-17.18", "P-17.19", "P-17.20", "P-17.21", "P-17.22", "P-17.23", "P-17.23.1", "P-17.24", "P-17.25", "P-17.26", "P-17.26.1", "P-17.27", "P-17.28", "P-17.29", "P-17.29.1", "P-17.30", "P-17.31", "P-17.32", "P-17.33", "P-17.34", "P-17.35", "P-17.36", "P-17.36.1", "P-17.37", "P-17.38", "P-17.39", "P-17.40", "P-17.41", "P-17.42", "P-17.43", "P-17.44", "P-17.45", "P-17.46", "P-18.1", "P-18.2", "P-18.3", "P-18.4", "P-18.5", "P-18.6", "P-18.7", "P-18.8", "P-19.1", "P-19.1.1", "P-19.2", "P-19.2.1", "P-19.3", "P-19.3.1", "P-19.4", "P-19.4.1", "P-19.5", "P-19.5.1", "P-19.6", "P-19.6.1", "P-19.7", "P-19.7.1", "P-19.8", "P-19.8.1", "P-19.9", "P-19.9.1", "P-19.10", "P-19.10.1", "P-19.11", "P-19.11.1", "P-19.12", "P-19.12.1", "P-19.13", "P-19.13.1", "P-19.14", "P-19.14.1", "P-19.15", "P-19.15.1", "P-19.16", "P-19.16.1", "P-19.17", "P-19.17.1", "P-19.18", "P-19.18.1", "P-19.19", "P-19.19.1", "P-19.20", "P-19.20.1", "P-19.21", "P-19.21.1", "P-19.22", "P-19.22.1", "P-19.23", "P-19.23.1", "P-19.24", "P-19.24.1", "P-19.25", "P-19.25.1", "P-19.26", "P-19.26.1", "P-19.27", "P-19.27.1", "P-19.28", "P-19.28.1", "P-19.29", "P-19.29.1", "P-19.30", "P-19.30.1", "P-19.31", "P-19.31.1", "P-19.32", "P-19.32.1", "P-19.33", "P-19.33.1", "P-19.34", "P-19.34.1", "P-19.35", "P-19.35.1", "P-19.36", "P-19.36.1", "P-19.37", "P-19.37.1", "P-19.38", "P-19.38.1", "P-19.39", "P-19.39.1", "P-19.40", "P-19.40.1", "P-19.41", "P-19.41.1", "P-19.42", "P-19.42.1",

[37] Docket Vol. V, pp. 2206-2212.
[38] Docket Vol. V, pp. 2244-2248.

"P-19.43", "P-19.43.1", "P-19.44", "P-19.44.1", "P-19.45", "P-19.45.1", "P-19.46", "P-19.46.1", "P-19.47", "P-19.47.1", "P-19.48", "P-19.48.1", "P-19.49", "P-19.49.1", "P-19.50", "P-19.50.1", "P-19.51", "P-19.51.1", "P-19.52", "P-19.52.1", "P-20", "P-20.1", "P-20.1.1", "P-20.2", "P-20.2.1", "P-20.3", "P-20.3.1", "P-20.4", "P-20.4.1", "P-20.5", "P-20.5.1", "P-20.6", "P-20.6.1", "P-20.7", "P-20.7.1", "P-20.8", "P-20.8.1", "P-21.1", "P-21.2", "P-21.3", "P-21.4", "P-21.5", "P-21.6", "P-21.7", "P-21.8", "P-21.9", "P-21.10", "P-21.11", "P-21.12", "P-21.13", "P-21.14", "P-21.15", "P-21.16", "P-21.17", "P-21.18", "P-21.19", "P-21.20", "P-21.21", "P-21.22", "P-21.23", "P-21.24", "P-21.25", "P-21.26", "P-21.27", "P-21.28", "P-21.29", "P-22.1", "P-22.2", "P-22.3", "P-23", "P-24", "P-25", "P-26", "P-26-1", "P-27", "P-27.1", "P-28", "P-28-1", "P-29.1", "P-29.2", "P-29.3", "P-29.4", "P-31", "P-32", "P-33", "P-34", "P-35.1", "P-35.2", "P-35.3", "P-35.4", "P-36.1", "P-36.2", "P-36.3", "P-36.4", "P-37.1", "P-37.2", "P-37.3", "P-37.4", "P-38.1", "P-38.2", "P-38.3", "P-38.4", "P-39.1", "P-39.2", "P-39.3", "P-40.1", "P-40.2", "P-40.3", "P-40.4", "P-41", inclusive of sub-markings", "P-42, inclusive of sub-markings", "P-43", "P-44.1", "P-44.2", "P-44.3", "P-44.4", "P-45", "P-46", "P-47", "P-48.1", "P-48.2", "P-48.3", "P-48.4", "P-49.1", "P-49.2", "P-49.3", "P-50.1", "P-50.2", "P-51.1", "P-51.2", "P-51.3", "P-51.4", "P-52.1", "P-52.2", "P-52.3", "P-52.4", "P-53.1", "P-53.2", "P-53.3", "P-53.4", "P-54", "P-55", "P-55.1", "P-56", "P-56.1", "P-57.1", "P-57.2", "P-58.1", "P-58.2", "P-58.3", "P-59.1", "P-59.2", "P-60.1", "P-60.2", "P-61.1", "P-61.2", "P-62.1", "P-62.2", "P-63.1", "P-63.2", "P-64.1", "P-64.2", "P-65.1", "P-65.2", "P-66.1", "P-66.2", "P-67", "P-67.1", "P-68", "P-68.1", and "P-75".

Respondent then presented his sole witness, Revenue Officer Dominic Morales[39].

Respondent's Formal Offer of Evidence[40] was filed on September 29, 2016. In the Resolution[41] dated November 25, 2016, the Court admitted Exhibits "R-1", "R-2", "R-3", "R-4", "R-5", "R-6", "R-7", and "R-7-a". gr

[39] Minutes of the Hearing dated September 19, 2016, Docket Vol. V, p. 2249; Exhibit "R-7", Judicial Affidavit of Dominic Morales, Docket Vol. I, pp. 150-154.
[40] Docket Vol. V, pp. 2251-2253.
[41] Docket Vol. V, pp. 2265-2266.

Petitioner's Memorandum[42] was filed on January 16, 2017; while respondent failed to file his memorandum[43]. Thus, in the Resolution[44] dated February 6, 2017, the present Petition for Review was declared by the Court as deemed submitted for decision.

THE ISSUE

The parties stipulated the following issue[45] for resolution of this Court:

> Whether or not Petitioner is entitled to the claim for refund or issuance of TCC for its excess or unutilized input VAT in the aggregate amount of Php101,103,433.99 for the four (4) quarters of CY 2013.

THE COURT'S RULING

Pertinent to the resolution of the present case is Section 112(A) and (C) of the National Internal Revenue Code (NIRC) of 1997, as amended, which provides:

> "SEC. 112. *Refunds or Tax Credits of Input Tax.* –
>
> (A) *Zero-Rated or Effectively Zero-Rated Sales.* – Any VAT-registered person, whose sales are zero-rated or effectively zero-rated may, within two (2) years after the close of the taxable quarter when the sales were made, apply for the issuance of a tax credit certificate or refund of creditable input tax due or paid attributable to such sales, except transitional input tax, to the extent that such input tax has not been applied against output tax: *Provided, however,* That in the case of zero-rated sales under Section 106(A)(2)(a)(1), (2) and (b) and Section 108(B)(1) and (2), the acceptable foreign currency exchange proceeds thereof had been duly accounted for in accordance with the rules and regulations of the Bangko

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[42] Docket Vol. V, pp. 2271-2302.
[43] Records Verification dated February 1, 2017, Docket Vol. V, p. 2303.
[44] Docket Vol. V, p. 2304.
[45] Issue, JSFI, Docket Vol. V, p. 1809.

> Sentral ng Pilipinas (BSP): *Provided, further*, That where the taxpayer is engaged in zero-rated or effectively zero-rated sale and also in taxable or exempt sale of goods of properties or services, and the amount of creditable input tax due or paid cannot be directly and entirely attributed to any one of the transactions, it shall be allocated proportionately on the basis of the volume of sales: *Provided, finally*, That for a person making sales that are zero-rated under Section 108(B)(6), the input taxes shall be allocated ratably between his zero-rated and non-zero-rated sales.
>
> xxx xxx xxx
>
> (C) *Period within which Refund or Tax Credit of Input Taxes shall be Made*. – In proper cases, the Commissioner shall grant a refund or issue the tax credit certificate for creditable input taxes within one hundred twenty (120) days from the date of submission of complete documents in support of the application filed in accordance with Subsection (A) hereof.
>
> In case of full or partial denial of the claim for tax refund or tax credit, or the failure on the part of the Commissioner to act on the application within the period prescribed above, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim or after the expiration of the one hundred twenty day-period, appeal the decision or the unacted claim with the Court of Tax Appeals."

Based on the foregoing provision, in order to be entitled to refund or tax credit of input tax due or paid attributable to zero-rated or effectively zero-rated sales, the following requisites must be complied with:

1. the taxpayer-claimant must be VAT-registered;
2. there must be zero-rated or effectively zero-rated sales;
3. input taxes were incurred or paid;
4. such input taxes are attributable to zero-rated or effectively zero-rated sales;

5. said input taxes were not applied against any output VAT liability; and
6. the claim was filed within the prescribed periods both in the administrative and judicial levels.

Before addressing the stipulated issue, the Court shall first determine the timeliness of petitioner's administrative and judicial claims.

Petitioner's administrative and judicial claims were timely filed

Pursuant to Section 112(A) of NIRC of 1997, as amended, the application for tax credit certificate/refund of unutilized excess input VAT must be filed within two years after the close of the taxable quarter when the zero-rated or effectively zero-rated sales were made.

The present claim covers the first, second, third and fourth quarters of CY 2013, which closed on March 31, 2013, on June 30, 2013, on September 30, 2013 and on December 31, 2013, respectively. Counting two years from the said dates, petitioner had until March 31, 2015, June 30, 2015, September 30, 2015 and December 31, 2015, respectively, within which to file its administrative claim for tax credit certificate/refund. Therefore, petitioner's administrative claims for the said quarters were seasonably filed on October 31, 2014, on November 3, 2014, on November 4, 2014 and on November 5, 2014, respectively, as shown below:

CY 2013	**Close of the Taxable Quarter**	**Last Day to File Administrative Claim**	**Date of Filing of Administrative Claim**
1st Quarter	March 31, 2013	March 31, 2015	October 31, 2014[46]
2nd Quarter	June 30, 2013	June 30, 2015	November 3, 2014[47]
3rd Quarter	September 30, 2013	September 30, 2015	November 4, 2014[48]
4th Quarter	December 31, 2013	December 31, 2015	November 5, 2014[49]

[46] Par. 3, Stipulated Facts, JSFI, Docket Vol. V, p. 1808; Exhibit "P-8.1".
[47] Par. 4, Stipulated Facts, JSFI, Docket Vol. V, p. 1808; Exhibit "P-8.2".
[48] Par. 5, Stipulated Facts, JSFI, Docket Vol. V, p. 1808; Exhibit "P-8.3".
[49] Par. 6, Stipulated Facts, JSFI, Docket Vol. V, p. 1808; Exhibit "P-8.4".

Anent the timeliness of petitioner's judicial appeal, Section 112(C) of the NIRC of 1997, as amended, states the time requirements for filing a judicial claim for the refund or tax credit of input VAT. The legal provision speaks of two periods: the period of 120 days, which serves as a waiting period to give time for the CIR to act on the administrative claim for a refund or credit; and the period of 30 days, which refers to the period for filing a judicial claim with the CTA.[50]

It must be noted that the 120-day period begins to run from the date of submission of complete documents supporting the administrative claim. If there is no evidence showing that the taxpayer was required to submit or actually submitted additional documents after the filing of the administrative claim, it is presumed that the complete documents accompanied the claim when it was filed.[51]

Accordingly, counting 120 days from October 31, 2014, November 3, 2014, November 4, 2014, and November 5, 2014, the respective dates when petitioner filed its administrative claims for refund/issuance of TCC together with the supporting documents covering the first, second, third and fourth quarters of CY 2013, respondent had until February 28, 2015, March 3, 2015, March 4, 2015 and March 5, 2015, respectively, to act on the said claims.

However, the records show that it was only on March 5, 2015 that petitioner received a copy of the letter[52] dated January 30, 2015 from the BIR-LTS denying its administrative claim for refund/issuance of TCC of input VAT for the year 2013.[53]

Considering that the denial of petitioner's claim covering the first, second and third quarters was issued by respondent beyond the 120-day period, the 30-day period within which to appeal the said claims to this Court is reckoned from February 28, 2015, March 3, 2015 and March 4, 2015 and ended on March 30, 2015, April 2, 2015 and April 3, 2015, respectively. On the other hand, respondent's letter-denial was timely issued with regard to petitioner's claim covering the fourth quarter of CY 2013; thus, the 30-day period to appeal such claim is

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[50] *Rohm Apollo Semiconductor Philippines vs. Commissioner of Internal Revenue*, G.R. No. 168950, January 14, 2015.
[51] *Silicon Philippines, Inc. (Formerly Intel Philippines Manufacturing, Inc.) vs. Commissioner of Internal Revenue*, G.R. No. 182737, March 2, 2016.
[52] Exhibit "P-10".
[53] Par. 8, Stipulated Facts, JSFI, Docket Vol. V, p. 1808.

counted from the date of the denial on March 5, 2015 until April 4, 2015. Accordingly, the Petition for Review covering petitioner's claims for the first, second, third and fourth quarters of CY 2013 was timely filed before this Court on March 30, 2015, as shown below:

<table>
<tr><th>CY 2013</th><th>Date of Filing of Adm. Claim</th><th>End of 120 days for the CIR to decide on the claim</th><th>Date of CIR's Denial</th><th>End of 30 days from CIR's inaction</th><th>End of 30 days from CIR's Denial</th><th>Date of Filing of Petition for Review</th></tr>
<tr><td>1st Quarter</td><td>31-Oct-14</td><td>28-Feb-15</td><td rowspan="4">05-Mar-15</td><td>30-Mar-15</td><td rowspan="4">04-Apr-15</td><td rowspan="4">30-Mar-15</td></tr>
<tr><td>2nd Quarter</td><td>03-Nov-14</td><td>03-Mar-15</td><td>02-Apr-15</td></tr>
<tr><td>3rd Quarter</td><td>04-Nov-14</td><td>04-Mar-15</td><td>03-Apr-15</td></tr>
<tr><td>4th Quarter</td><td>05-Nov-14</td><td>05-Mar-15</td><td></td></tr>
</table>

Having determined that petitioner timely filed both its administrative and judicial claims, the Court shall now proceed to make a determination of petitioner's compliance with the other requisites.

Petitioner is a VAT-registered entity and had zero-rated sales during the subject periods

Petitioner complied with the first requisite considering that it is a VAT-registered taxpayer with BIR Certificate of Registration No. OCN8RC0000039799 dated July 30, 1998 with Taxpayer's Identification No. 201-056-391-000.[54]

On the second requisite, *i.e.*, the existence of zero-rated sales, petitioner claims that the services it rendered to its affiliates abroad, which were paid for in foreign currency, are transactions subject to zero percent (0%) VAT in accordance with Section 108(B)(2) of the NIRC of 1997, as amended, which states that:

"SEC. 108. *Value-added Tax on Sale of Services and Use or Lease of Properties.* –

xxx xxx xxx *gz*

[54] Par. 2, Stipulated Facts, JSFI, Docket Vol. V, p. 1808; Exhibit "P-3."

(B) *Transactions Subject to Zero Percent (0%) Rate.* – The following services performed in the Philippines by VAT-registered persons shall be subject to zero percent (0%) rate:

(1) Processing, manufacturing or repacking goods for other persons doing business outside the Philippines which goods are subsequently exported, where the services are paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);

(2) Services other than those mentioned in the preceding paragraph rendered to a person engaged in business conducted outside the Philippines or to a nonresident person not engaged in business who is outside the Philippines when the services are performed, the consideration for which is paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);"

In the case of *Commissioner of Internal Revenue vs. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.*[55], the Supreme Court held that in order for the supply of services to be VAT zero-rated under Section 108(B)(2) of the NIRC of 1997, as amended, the following requisites must be met:

1. the services must be other than processing, manufacturing or repacking of goods;
2. the payment for such services must be in acceptable foreign currency accounted for in accordance with the BSP rules and regulations; and
3. the recipient of such services is doing business outside the Philippines.

Petitioner complied with the first requisite. Petitioner is licensed by the Securities and Exchange Commission to transact business in the Philippines as a regional operating headquarters (ROHQ) to engage in general administration and planning; business planning and

[55] G.R. No. 153205, January 22, 2007.

coordination; sourcing/procurement of raw materials and components; corporate finance advisory services; marketing control and sales promotion; training and personnel management; logistic services; research and development services and product development; technical support and maintenance; data processing and communication; and business development.[56] These services clearly fall within the scope of "services other than processing, manufacturing or repacking of goods" contemplated by the aforementioned provision.

In relation to the second requisite, Sections 113(A)(2), (B)(1), (2)(c) and (3) of the NIRC of 1997, as amended, as implemented by Sections 4.113-1(A)(2), (B)(1) and (2)(c) of Revenue Regulations (RR) No. 16-05, provide that a VAT taxpayer, like herein petitioner, shall for every lease of goods or properties and for every sale, barter or exchange of services, issue a VAT official receipt which must contain the following information:

> "SEC. 113. *Invoicing and Accounting Requirements for VAT-Registered Persons.* –
>
> (A) *Invoicing Requirements.* – A VAT-registered person shall issue:
>
> xxx xxx xxx
>
> (2) A **VAT official receipt** for every lease of goods or properties, and **for every sale, barter or exchange of services**.
>
> (B) *Information Contained in the VAT Invoice or VAT Official Receipt.* – The following information shall be indicated in the VAT invoice or VAT official receipt:
>
> (1) A statement that the seller is a VAT-registered person, followed by his Taxpayer's Identification Number (TIN); *Jz*

[56] Exhibits "P-1" and "P-2".

(2) The total amount which the purchaser pays or is obligated to pay to the seller with the indication that such amount includes the value-added tax: *Provided*, that:

xxx xxx xxx

(c) If the sale is subject to zero percent (0%) value-added tax, the term **'zero-rated sale'** shall be written or printed prominently on the invoice or receipt;

xxx xxx xxx

(3) The date of transaction, quantity, unit cost and description of the goods or properties or nature of the service;" *(Emphasis supplied)*

"SEC. 4.113-1. *Invoicing Requirements.* –

(A) ***A VAT-registered person shall issue:*** –

xxx xxx xxx

(2) A **VAT official receipt** for every lease of goods or properties, and for every sale, barter or exchange of services.

Only VAT-registered persons are required to print their **TIN followed by the word 'VAT' in their invoice** or official receipts. Said documents shall be considered as a 'VAT Invoice' or VAT official receipt. All purchases covered by invoices/receipts other than VAT Invoice/VAT Official Receipt shall not give rise to any input tax.

VAT invoice/official receipt shall be prepared at least in duplicate, the original to be given to the buyer and the duplicate to be retained by the seller as part of his accounting records.

(B) ***Information contained in VAT invoice or VAT official receipt.*** – The following information shall be indicated in VAT invoice or VAT official receipt:

(1) A statement that the seller is a VAT-registered person, followed by his TIN;

(2) The total amount which the purchaser pays or is obligated to pay to the seller with the indication that such amount includes the VAT; *Provided*, That:

xxx xxx xxx

(c) If the sale is subject to zero percent (0%) VAT, the term **'zero-rated sale'** shall be written or printed prominently on the invoice or receipt;" *(Emphasis supplied)*

Pursuant to the foregoing provisions, the foreign currency remittances referred to under Section 108(B)(2) of the NIRC of 1997, as amended, must likewise be supported by VAT zero-rated official receipts.

It was established that for services rendered to its affiliates for the four taxable quarters of CY 2013, petitioner was paid in US dollars which were accounted for in accordance with the BSP rules and regulations as evidenced by the Certifications of Inward Remittances[57] and Bank Statements[58] for CY 2013 issued by JP Morgan Chase Bank N.A – Manila Branch and duly supported by VAT zero-rated official receipts[59] issued by petitioner to its client-affiliates. Thus, the second requisite has also been satisfied.

In compliance with the third requisite, petitioner presented the following documents showing its client-affiliates are non-resident foreign corporations doing business outside the Philippines:

[57] Exhibit "P-33".
[58] Exhibit "P-34".
[59] Exhibit "P-31".

1. Certification of Non-Registration of Company issued by the SEC;[60]
2. Articles/Certificate of Incorporation/Registration and/or other similar documents;[61]
3. Tax Residence Certificates;[62]
4. Screenshot of Chevron Subsidiary Governance Website;[63]
5. Screenshot of US SEC Website;[64] and
6. Service Agreements.[65]

However, each of the aforesaid documents, standing alone, is inadequate proof that petitioner's client is a non-resident foreign corporation doing business outside the Philippines.

While the SEC Certificates of Non-Registration of Company show that the named entities are not registered corporations or partnerships in the Philippines, the same do not prove that such entities are non-resident foreign corporations doing business outside the Philippines.

The same holds true with the Articles/Certificates of Incorporation/Registration and Tax Residence Certificates which only prove that therein named entities were incorporated/organized abroad. However, these documents do not necessarily establish that such entities are not doing business in the Philippines.

Likewise, the service agreements only indicate the names and addresses of petitioner's customers to whom it renders services but they do not establish that such customers are non-resident foreign corporations doing business outside the Philippines.

In the case of *Sitel Philippines Corporation (formerly Clientlogic Phils., Inc.) vs. Commissioner of Internal Revenue*[66], the Supreme Court held that while Sitel's documentary evidence, which included Certifications issued by the Securities and Exchange Commission and

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[60] Exhibits "P-16.1" to "P-16.59".
[61] Exhibits "P-17.1" to "P-17.46".
[62] Exhibits "P-18.1" to "P-18.8".
[63] Exhibits "P-19.1" to "P-19.52".
[64] Exhibits "P-20.1" to "P-20.8".
[65] Exhibits "P-21.1" to "P-21.29".
[66] G.R. No. 201326, February 8, 2017.

Agreements between Sitel and its foreign clients, may have established that Sitel rendered services to foreign corporations and received payment therefor through inward remittances, said documents failed to specifically prove that such foreign clients were doing business outside the Philippines or have a continuity of commercial dealings outside the Philippines.

Therefore, in order to be considered as non-resident foreign corporation doing business outside the Philippines, each entity must be supported, at the very least, by **both** SEC Certificate of Non-Registration **and** proof of incorporation/registration in a foreign country (*e.g.*, Articles/Certificate of Incorporation/Registration and/or Tax Residence Certificate) and that there is no other indication which would disqualify said entity in being classified as a non-resident foreign corporation.

In this regard, the Court cannot give credence or probative value to the printed screenshots of Chevron Subsidiary Governance Website[67] as the information contained therein were retrieved from the database set-up and maintained by petitioner's group of companies. Thus, the said documents are self-serving and can be easily manipulated to favor petitioner in view of its affinity with the entities that maintain or keep the said database.

Thus, only the following clients of petitioner for the four quarters of CY 2013 shall be considered as non-resident foreign corporations doing business outside the Philippines:

Client	SEC Certificate of Non-Registration	Articles/Certificate of Incorporation/Registration and/or other similar document		Tax Residence Certificate	Screenshot of US SEC Website
		Exhibit No.	Document		
Asia Pacific Marine Services (EF) B.V.	P-16.1	-	-	P-18.1 and P-18.8	-
Chevron Corporation	P-16.14	P-17.8, P-17.40	Restated Certificate of Incorporation	P-18.3	-
Chevron (China) Investment Co Ltd	P-16.15	P-17.9 to P-17.9.1	Articles of Association	-	-
Chevron Hong Kong Limited	P-16.22	P-17.12	Certificate of Change of Name	-	-
Chevron International Limited	P-16.24	P-17.13 to P-17.13.1	Certificate of Incorporation	-	-
Chevron International Pte Ltd	P-16.25	P-17.14 to P-17.14.1, P-17.43	Memorandum and Articles of Association, Certificate	-	-

[67] Exhibits "P-19.1" to "P-19.52".

			Confirming Incorporation of Company		
Chevron Iraq (Sarta) Limited - Branch	P-16.26	P-17.15	Memorandum of Association of Company Limited by Shares	-	-
Chevron Liberia Limited	P-16.27	P-17.16	Certificate of Business Registration (Foreign Corporation)	-	-
Chevron Lubricants Lanka PLC	P-16.28	P-17.17 to P-17.17.1	Articles of Association	-	-
Chevron Malaysia Limited	P-16.29	P-17.18	Certificate of Change of Name and Incorporation	-	-
Chevron Marine Products LLC - Int'l	P-16.30	P-17.19	Certificate of Amendment of Certificate of Formation	-	-
Chevron Neftegaz Inc.	P-16.32	P-17.20	Certificate of Amendment of Certificate of Incorporation	-	-
Chevron New Zealand	P-16.33	P-17.21, P-17.44	Certificate of Incorporation	P-18.4	-
Chevron North Sea Limited	P-16.34	P-17.22, P-17.41	Certificate of Incorporation on Change of Name	P-18.5	P-20.3
Chevron Oronite Company LLC	P-16.35	P-17.23 to P-17.23.1	Certificate of Formation	-	P-20.4
Chevron Oronite Pte Ltd	P-16.36	P-17.24	Notice of Resolution of Change of Name	-	P-20.5
Chevron Overseas Services Corporation	P-16.37	P-17.25	Certificate of Amendment of Certificate of Incorporation	-	-
Chevron Pakistan Limited	P-16.38	P-17.26 to P-17.26.1	Certification issued by the Registrar General of Bahama Islands	-	-
Chevron Products UK Limited	P-16.41	P-17.27	Certificate of Incorporation of Change of Name	P-18.6	-
Chevron Shipping Company LLC	P-16.44	P-17.28	Certificate of Amendment of Certificate of Formation	-	-
Chevron Singapore Pte Ltd	P-16.45	P-17.29 to P-17.29.1	Memorandum and Articles of Association	-	-
Chevron South Africa (Pty) Limited	P-16.46	P-17.30	Certificate of Change of Name of Company	-	-
Chevron (Thailand) Limited	P-16.47	P-17.31, P-17.46	Certificate of Change of Name and Incorporation, Letter Certification issued by the Registrar of Foreign Business Operation	P-18.7	P-20.6
Chevron Thailand Exploration and Production Ltd	P-16.48	P-17.32	Commercial Registration Certificate	-	P-20.7
Chevron (Tianjin) Lubricants Co. Ltd	P-16.49	P-17.33	Certificate of Approval for Establishment of Enterprises with Foreign Investment in the People's Republic of China	-	-
Chevron Trading Pte Ltd	P-16.50	P-17.34	Certificate Confirming Incorporation with Memorandum and Articles of Association	-	-
PT Chevron Oil Products Indonesia	P-16.56	P-17.36 to P-17.36.1	Domicile Information Letter	-	-
Chevron Asia South Ltd	P-16.7	P-17.3 to P-17.3.1	Articles of Association	-	-
UECSL - Chuandongbei Branch	P-16.59	P-17.37	Certificate of Incorporation	-	-
Chevron Bangladesh Blk Thirteen/Fourteen	P-16.10	P-17.5	Certificate of Incorporation on Change of Name	-	-
Chevron (Cambodia) Limited	P-16.12	P-17.6	Articles of Incorporation	-	-
Chevron Asia Pacific Holdings Branch	P-16.5	P-17.2	Certificate of Continuance	-	-
Chevron USA Inc. (Singapore Branch)	P-16.52	P-17.42	Certificate of Registration of Foreign Company	-	-

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Accordingly, out of the ₱3,094,815,091.98[68] zero-rated sales declared per petitioner's Quarterly VAT Returns for the four quarters of CY 2013, only the amount of ₱720,308,940.84, broken down below, qualifies for VAT zero-rating under Section 108(B)(2) of the NIRC of 1997, as amended:

O.R. No.	O.R. Date	Client	Amount in USD	Amount in PHP	Exhibit P-31
FIRST QUARTER OF CY 2013 (Exhibit P-53.1)					
3648	24-Jan-13	Chevron Marine Products LLC - Int'l	15,126.91	613,667.75	page 3
3651	25-Jan-13	Chevron International Pte Ltd	340,262.73	13,809,364.04	page 6
3652	25-Jan-13	Chevron New Zealand	286,837.61	11,641,136.77	page 7
3653	25-Jan-13	Chevron Corporation	235,758.37	9,568,115.67	page 8
3654	25-Jan-13	Chevron Singapore Pte Ltd	138,909.01	5,637,540.99	page 9
3655	25-Jan-13	Chevron North Sea Limited	118,740.21	4,819,002.03	page 10
3656	25-Jan-13	Chevron USA Inc. (Singapore Branch)	103,457.05	4,198,743.91	page 11
3657	25-Jan-13	Chevron (Cambodia) Limited	24,649.33	1,000,378.65	page 12
3658	25-Jan-13	Chevron Neftegaz Inc.	7,050.21	286,128.65	page 13
3660	25-Jan-13	Chevron Asia Pacific Holdings Branch	62,704.77	2,544,836.44	page 15
3661	28-Jan-13	Chevron Oronite Pte Ltd	8,513.83	345,388.64	page 16
3663	20-Feb-13	Chevron Marine Products LLC - Int'l	3,662.30	148,813.49	page 18
3666	22-Feb-13	Chevron Corporation	333,822.81	13,553,504.26	page 21
3667	22-Feb-13	Chevron International Pte Ltd	257,510.50	10,455,156.31	page 22
3669	22-Feb-13	Chevron New Zealand	203,752.28	8,272,524.56	page 24
3670	22-Feb-13	Chevron (Thailand) Limited	176,462.51	7,164,535.53	page 25
3671	22-Feb-13	Chevron Hong Kong Limited	166,560.98	6,762,524.56	page 26
3672	22-Feb-13	Chevron USA Inc. (Singapore Branch)	132,221.37	5,368,305.72	page 27
3673	22-Feb-13	Chevron North Sea Limited	106,403.98	4,320,096.63	page 28
3675	22-Feb-13	Chevron (Cambodia) Limited	20,175.92	819,160.37	page 30
3676	22-Feb-13	Chevron Neftegaz Inc.	10,440.68	423,900.93	page 31
3679	25-Feb-13	Chevron Malaysia Limited	108,568.87	4,424,159.33	page 34
3680	26-Feb-13	Chevron Oronite Pte Ltd	1,260.02	51,324.64	page 35
3682	21-Mar-13	Chevron Marine Products LLC - Int'l	3,662.30	148,692.65	page 37
3684	25-Mar-13	Chevron Corporation	339,431.84	13,843,060.36	page 39
3685	25-Mar-13	Chevron New Zealand	203,549.43	8,301,363.38	page 40
3686	25-Mar-13	Chevron South Africa (Pty) Limited	196,099.55	7,997,534.67	page 41
3688	25-Mar-13	Chevron USA Inc. (Singapore Branch)	131,705.38	5,371,345.02	page 43
3689	25-Mar-13	Chevron North Sea Limited	115,358.17	4,704,656.20	page 44
3690	25-Mar-13	Chevron Neftegaz Inc.	10,440.68	425,802.61	page 45

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Exhibit	CY 2013	Zero-Rated Sales
P-4.2	1st Quarter	₱ 681,627,197.74
P-5.2	2nd Quarter	813,749,618.42
P-6.2	3rd Quarter	794,096,726.70
P-7.2"	4th Quarter	805,341,549.12
	Total	**₱ 3,094,815,091.98**

3692	26-Mar-13	Chevron (Cambodia) Limited	23,466.81	958,220.09	page 47
Subtotal				**157,978,984.85**	
SECOND QUARTER OF CY 2013 (Exhibit P-53.2)					
3693	01-Apr-13	Chevron Lubricants Lanka PLC	11,643.12	475,423.44	page 48
3694	01-Apr-13	Chevron (Tianjin) Lubricants Co. Ltd	1,309.72	53,479.79	page 49
3695	18-Apr-13	Chevron Marine Products LLC - Int'l	3,662.30	151,272.20	page 50
3696	18-Apr-13	UECSL - Chuandongbei Branch	374.98	15,488.64	page 51
3698	23-Apr-13	Chevron International Limited	58,888.53	2,418,420.12	page 53
3699	24-Apr-13	Chevron New Zealand	203,549.46	8,397,254.95	page 54
3703	25-Apr-13	Chevron Corporation	330,225.62	13,656,973.53	page 57
3704	25-Apr-13	Chevron Hong Kong Limited	169,038.51	6,990,839.95	page 58
3705	25-Apr-13	Chevron International Pte Ltd	139,136.01	5,754,177.42	page 59
3706	25-Apr-13	Chevron USA Inc. (Singapore Branch)	133,911.63	5,538,115.38	page 60
3707	25-Apr-13	Chevron North Sea Limited	113,434.33	4,691,246.07	page 61
3708	25-Apr-13	Chevron Liberia Limited	104,441.24	4,319,323.41	page 62
3709	25-Apr-13	Chevron Malaysia Limited	103,502.79	4,280,512.41	page 63
3714	25-Apr-13	Chevron South Africa (Pty) Limited	39,309.50	1,625,703.06	page 68
3715	25-Apr-13	Chevron Oronite Company LLC	33,490.35	1,385,043.42	page 69
3717	25-Apr-13	Chevron Neftegaz Inc.	10,440.68	431,789.91	page 71
3718	25-Apr-13	Chevron Trading Pte Ltd	7,552.34	312,338.30	page 72
3719	25-Apr-13	Chevron Marine Products LLC - Int'l	5,557.50	229,838.71	page 73
3723	25-Apr-13	PT Chevron Oil Products Indonesia	407.05	16,834.16	page 76
3724	25-Apr-13	Chevron Asia South Ltd	137.28	5,677.42	page 77
3727	26-Apr-13	Chevron (Thailand) Limited	178,392.63	7,359,431.93	page 80
3729	26-Apr-13	Chevron (Cambodia) Limited	23,466.80	968,102.31	page 82
3730	26-Apr-13	Chevron Products UK Limited	19,102.30	788,048.68	page 83
3731	26-Apr-13	Chevron Overseas Services Corporation	10,266.03	423,516.09	page 84
3732	26-Apr-13	Chevron Oronite Pte Ltd	4,564.54	188,306.11	page 85
3733	26-Apr-13	Chevron Shipping Company LLC	50.18	2,070.13	page 86
3736	29-Apr-13	Chevron Bangladesh Blk Thirteen/Fourteen	10,054.78	414,459.19	page 89
3738	30-Apr-13	Chevron Lubricants Lanka PLC	4,989.51	205,668.18	page 91
3742	24-May-13	Chevron Corporation	326,616.94	13,479,857.20	page 95
3745	24-May-13	Chevron New Zealand	203,549.45	8,400,720.18	page 97
3746	28-May-13	Chevron USA Inc. (Singapore Branch)	131,616.67	5,474,903.08	page 98
3747	28-May-13	Chevron International Pte Ltd	108,576.77	4,516,504.58	page 99
3748	28-May-13	Chevron (Cambodia) Limited	23,466.81	976,156.82	page 100
3749	28-May-13	Chevron Oronite Pte Ltd	1,540.00	64,059.90	page 101
3750	30-May-13	Chevron Lubricants Lanka PLC	4,989.50	209,028.07	page 102
3751	24-May-13	Chevron North Sea Limited	111,109.17	4,585,603.38	page 103
3752	24-May-13	Chevron Neftegaz Inc.	10,440.37	430,898.89	page 104
3755	26-Jun-13	Chevron Lubricants Lanka PLC	4,989.51	218,742.22	page 107
3759	24-Jun-13	Chevron Pakistan Limited	37,892.57	1,656,867.95	page 110
3761	25-Jun-13	Chevron Corporation	336,283.19	14,742,796.58	page 112
3762	25-Jun-13	Chevron New Zealand	203,549.45	8,923,693.56	page 113
3763	25-Jun-13	Chevron (Thailand) Limited	178,392.63	7,820,807.98	page 114
3764	25-Jun-13	Chevron Hong Kong Limited	169,038.53	7,410,720.30	page 115
3765	25-Jun-13	Chevron Singapore Pte Ltd	145,388.03	6,373,872.42	page 116
3766	25-Jun-13	Chevron International Pte Ltd	144,822.00	6,349,057.43	page 117

3767	25-Jun-13	Chevron USA Inc. (Singapore Branch)	131,482.06	5,764,228.85	page 118
3768	25-Jun-13	Chevron North Sea Limited	119,266.77	5,228,705.39	page 119
3769	25-Jun-13	Chevron Malaysia Limited	100,004.99	4,384,260.85	page 120
3771	25-Jun-13	Asia Pacific Marine Services (EF) B.V.	12,618.66	553,206.93	page 122
3772	25-Jun-13	Chevron Neftegaz Inc.	10,440.68	457,723.81	page 123
3774	26-Jun-13	Chevron (Cambodia) Limited	23,466.83	1,028,795.70	page 125
3776	26-Jun-13	Chevron Oronite Pte Ltd	3,642.93	159,707.58	page 127
Subtotal				**180,310,274.56**	
THIRD QUARTER OF CY 2013 (Exhibit P-53.3)					
5003	23-Jul-13	Chevron (China) Investment Co Ltd	164,946.38	7,131,274.54	page 129
5006	25-Jul-13	Chevron Neftegaz Inc.	10,440.68	451,001.30	page 132
5007	25-Jul-13	Chevron Lubricants Lanka PLC	23,466.81	1,013,685.10	page 133
5009	25-Jul-13	Chevron International Pte Ltd	135,422.41	5,849,780.13	page 135
5010	25-Jul-13	Chevron New Zealand	203,549.42	8,792,631.53	page 136
5011	25-Jul-13	Chevron Corporation	342,921.51	14,813,024.19	page 137
5014	26-Jul-13	Chevron North Sea Limited	108,612.46	4,691,682.94	page 140
5015	26-Jul-13	Chevron USA Inc. (Singapore Branch)	131,989.30	5,701,481.64	page 141
5016	30-Jul-13	Chevron South Africa (Pty) Limited	105,252.21	4,552,431.23	page 142
5017	31-Jul-13	Chevron Lubricants Lanka PLC	4,989.50	215,995.67	page 143
5020	26-Jul-13	Chevron Oronite Pte Ltd	5,541.23	239,361.99	page 144
5023	23-Aug-13	Chevron Corporation	352,497.52	15,494,396.48	page 147
5025	23-Aug-13	Chevron New Zealand	203,549.47	8,947,229.45	page 148
5026	23-Aug-13	Chevron (Thailand) Limited	178,392.65	7,841,435.16	page 149
5027	23-Aug-13	Chevron Hong Kong Limited	169,038.51	7,430,264.18	page 150
5028	23-Aug-13	Chevron USA Inc. (Singapore Branch)	133,394.31	5,863,486.15	page 151
5029	23-Aug-13	Chevron North Sea Limited	106,271.83	4,671,289.23	page 152
5030	28-Aug-13	Chevron (Cambodia) Limited	23,466.81	1,037,436.34	page 153
5031	28-Aug-13	Chevron Lubricants Lanka PLC	4,989.51	220,579.58	page 154
5034	27-Aug-13	Chevron Neftegaz Inc.	10,440.68	461,364.56	page 157
5035	27-Aug-13	Chevron Oronite Pte Ltd	2,127.32	94,004.42	page 158
5041	25-Sep-13	Chevron Corporation	286,730.03	12,401,817.91	page 164
5043	25-Sep-13	Chevron Singapore Pte Ltd	239,633.20	10,364,757.79	page 166
5044	25-Sep-13	Chevron New Zealand	202,779.78	8,770,751.73	page 167
5046	25-Sep-13	Chevron Malaysia Limited	155,942.33	6,744,910.47	page 169
5047	25-Sep-13	Chevron USA Inc. (Singapore Branch)	135,230.70	5,849,078.72	page 170
5049	25-Sep-13	Chevron Neftegaz Inc.	10,440.68	451,586.51	page 172
5051	25-Sep-13	Chevron International Pte Ltd	163,217.05	7,059,560.99	page 173
5052	25-Sep-13	Chevron (China) Investment Co Ltd	93,950.26	4,063,592.56	page 174
5053	26-Sep-13	Chevron North Sea Limited	106,271.83	4,612,492.62	page 175
5054	26-Sep-13	Chevron Iraq (Sarta) Limited - Branch	105,636.37	4,584,911.89	page 176
5056	30-Sep-13	Chevron Lubricants Lanka PLC	4,989.50	216,089.22	page 178
5057	26-Sep-13	Chevron Oronite Pte Ltd	16,609.87	720,914.50	page 179
Subtotal				**171,354,300.72**	
FOURTH QUARTER OF CY 2013 (Exhibit P-53.4)					
5058	18-Oct-13	Chevron International Limited	53,305.32	2,300,618.04	page 180
5060	22-Oct-13	Chevron (China) Investment Co Ltd	26,842.93	1,155,528.63	page 182
5063	25-Oct-13	PT Chevron Oil Products Indonesia	113.99	4,913.36	page 185
5064	25-Oct-13	Chevron Oronite Company LLC	2,915.90	125,685.34	page 186

5066	25-Oct-13	Chevron Thailand Exploration and Production Ltd	6,147.96	264,998.28	page 187
5067	25-Oct-13	Chevron Neftegaz Inc.	10,440.68	450,029.31	page 188
5069	25-Oct-13	Chevron Marine Products LLC - Int'l	21,973.80	947,146.55	page 190
5070	25-Oct-13	Chevron Asia Pacific Holdings Branch	26,592.31	1,146,220.26	page 191
5074	25-Oct-13	Chevron (Cambodia) Limited	46,933.62	2,023,000.86	page 195
5075	25-Oct-13	Chevron Malaysia Limited	51,819.42	2,233,595.69	page 196
5078	25-Oct-13	Chevron North Sea Limited	106,271.83	4,580,682.33	page 199
5080	25-Oct-13	Chevron USA Inc. (Singapore Branch)	144,225.12	6,216,600.00	page 201
5081	25-Oct-13	Chevron Hong Kong Limited	169,038.52	7,286,143.10	page 202
5083	25-Oct-13	Chevron (Thailand) Limited	179,735.49	7,747,219.40	page 204
5084	25-Oct-13	Chevron New Zealand	203,912.18	8,789,318.10	page 205
5087	25-Oct-13	Chevron Corporation	344,324.12	14,841,556.90	page 207
5090	29-Oct-13	Chevron Oronite Pte Ltd	2,266.91	97,627.48	page 210
5091	29-Oct-13	Chevron Bangladesh Blk Thirteen/Fourteen	3,567.83	153,653.32	page 211
5093	29-Oct-13	Chevron Iraq (Sarta) Limited - Branch	9,090.91	391,512.06	page 213
5095	29-Oct-13	Chevron Liberia Limited	92,995.40	4,004,969.85	page 215
5096	29-Oct-13	Chevron South Africa (Pty) Limited	97,534.08	4,200,434.11	page 216
5099	30-Oct-13	Chevron Lubricants Lanka PLC	4,989.51	214,510.33	page 218
5100	25-Oct-13	Chevron International Pte Ltd	195,804.15	8,439,834.04	page 219
5100	29-Oct-13	Chevron Products UK Limited	101,024.79	4,350,766.15	page 219
5101	25-Oct-13	Chevron Singapore Pte Ltd	107,234.32	4,622,168.97	page 220
5108	25-Nov-13	Chevron New Zealand	208,825.70	9,138,980.31	page 226
5109	25-Nov-13	Chevron USA Inc. (Singapore Branch)	153,521.46	6,718,663.46	page 227
5110	25-Nov-13	Chevron (Thailand) Limited	107,498.90	4,704,547.05	page 228
5111	25-Nov-13	Chevron Singapore Pte Ltd	106,334.07	4,653,569.80	page 229
5112	25-Nov-13	Chevron North Sea Limited	106,271.83	4,650,845.95	page 230
5113	25-Nov-13	Asia Pacific Marine Services (EF) B.V.	11,893.36	520,497.16	page 231
5114	25-Nov-13	Chevron Neftegaz Inc.	10,440.68	456,922.54	page 232
5115	29-Nov-13	Chevron Pakistan Limited	65,902.66	2,884,142.67	page 233
5116	29-Nov-13	Chevron (China) Investment Co Ltd	13,406.52	586,718.60	page 234
5117	27-Nov-13	Chevron (Cambodia) Limited	26,892.21	1,176,901.97	page 235
5118	27-Nov-13	Chevron Lubricants Lanka PLC	4,989.50	218,358.86	page 236
5119	26-Nov-13	Chevron Oronite Pte Ltd	3,484.03	152,473.96	page 237
5120	25-Nov-13	Chevron International Pte Ltd	177,108.49	7,750,918.60	page 238
5123	20-Dec-13	Chevron International Pte Ltd	784,948.61	34,809,251.00	page 239
5125	20-Dec-13	Chevron New Zealand	155,051.95	6,875,917.96	page 240
5126	20-Dec-13	Chevron Hong Kong Limited	125,222.71	5,553,113.08	page 241
5128	26-Dec-13	Chevron Oronite Pte Ltd	1,680.32	74,515.30	page 243
5129	23-Dec-13	Chevron Corporation	680,047.03	30,157,296.23	page 244
5133	23-Dec-13	Chevron Iraq (Sarta) Limited - Branch	60,621.44	2,688,312.20	page 248
5135	23-Dec-13	Chevron (China) Investment Co Ltd	6,871.02	304,701.55	page 250
subtotal				**210,665,380.71**	
VALID ZERO-RATED SALES				**720,308,940.84**	

The rest of petitioner's declared zero-rated sales in the amount of ₱2,374,506,151.14 detailed below, shall be denied VAT zero-rating for petitioner's failure to prove that the entities to whom it rendered services are non-resident foreign corporations doing business outside the Philippines:

O.R. No.	O.R. Date	Client	Amount in USD	Amount in PHP	Exhibit P-31
FIRST QUARTER OF CY 2013 (Exhibit P-53.1)					
3646	17-Jan-13	Chevron Products Company	436,867.61	17,708,456.02	page 1
3647	23-Jan-13	Chevron Romania Exploration and Production SRL	15,573.99	633,089.02	page 2
3649	25-Jan-13	Chevron Services Company	1,651,117.48	67,009,637.99	page 4
3650	25-Jan-13	Chevron Information Technology Company	1,601,218.60	64,984,521.10	page 5
3659	23-Jan-13	CCEC - Shekou Shared Cost Center	1,323.32	53,793.50	page 14
3660	25-Jan-13	Chevron Global Energy Inc. - Global Downstream Cost Allocation Branch	99,819.08	4,051,099.03	page 15
3662	20-Feb-13	Chevron Products Company	581,313.51	23,621,028.44	page 17
3664	22-Feb-13	Chevron Information Technology Company	3,432,503.70	139,362,716.20	page 19
3665	22-Feb-13	Chevron Services Company	1,552,556.32	63,035,173.37	page 20
3668	22-Feb-13	Chevron Australia Pte Ltd - Other	323,976.61	13,185,861.21	page 23
3674	22-Feb-13	Chevron Energy Technology Company	54,928.41	2,230,142.51	page 29
3677	22-Feb-13	Chevron Australia Pte Ltd - Gorgon	244,949.29	9,945,159.97	page 32
3678	25-Feb-13	CPUK - Trading and Marine Lubricants Branch	116,491.17	4,746,991.44	page 33
3681	18-Mar-13	Chevron Products Company	577,860.40	23,404,633.45	page 36
3683	25-Mar-13	Chevron Information Technology Company	635,219.17	25,906,165.17	page 38
3687	22-Feb-13	Chevron Australia Pte Ltd - Other	2,189.12	89,097.27	page 42
3691	26-Mar-13	Chevron Services Company	1,559,539.05	63,680,647.20	page 46
subtotal				**523,648,212.89**	
SECOND QUARTER OF CY 2013 (Exhibit P-53.2)					
3697	16-Apr-13	Chevron Products Company	589,659.71	24,356,039.24	page 52
3700	25-Apr-13	Chevron Information Technology Company	2,535,492.48	104,859,076.92	page 55
3701	25-Apr-13	Chevron Services Company	1,680,556.47	69,501,921.84	page 56
3710	25-Apr-13	Chevron Global Energy Inc. - Global Downstream Cost Allocation Branch	82,157.55	3,397,748.14	page 64
3711	25-Apr-13	Chevron Upstream and Gas	81,737.96	3,380,395.37	page 65
3712	25-Apr-13	Chevron Energy Technology Company	75,899.40	3,138,933.00	page 66
3713	25-Apr-13	Chevron Canada Limited - Downstream	39,680.96	1,641,065.34	page 67
3716	25-Apr-13	Chevron NA Exploration Production Co	21,183.86	876,090.16	page 70
3720	25-Apr-13	BUT Chevron Indonesia Company	3,418.77	141,388.34	page 74
3722	25-Apr-13	Chevron Gas and Mistream	468.62	19,380.48	page 75
3725	26-Apr-13	Chevron Australia Pty Ltd - Other	281,267.16	11,603,430.69	page 78
3726	26-Apr-13	Chevron Australia Pty Ltd - Other	185,607.78	7,657,086.63	page 79

3728	26-Apr-13	CPUK - Trading and Marine Lubricants Branch	162,360.52	6,698,041.25	page 81
3730	26-Apr-13	CPUK Limited - BRES	85.07	3,509.49	page 83
3734	29-Apr-13	Refineria Panama S. de R.L.	37,210.10	1,533,804.62	page 87
3735	29-Apr-13	Campania Chevron de Panama, SA	25,758.42	1,061,765.05	page 88
3737	30-Apr-13	Chevron Al Khalij, a branch of Chevron Asia Pacific Holdings Limited	75,059.48	3,093,960.43	page 90
3739	16-May-13	Chevron Products Company	589,707.95	24,237,893.55	page 92
3740	24-May-13	Chevron Information Technology Company	2,394,783.68	98,835,479.98	page 93
3741	24-May-13	Chevron Services Company	1,674,478.82	69,107,669.01	page 94
3743	24-May-13	Chevron Australia Pty Ltd - Other	292,301.81	12,063,632.27	page 96
3753	24-Jun-13	Chevron Australia Pty Ltd - Gorgon	189,487.17	8,285,403.15	page 105
3754	25-Jun-13	Chevron Information Technology Company	1,390,557.14	60,962,610.26	page 106
3757	18-Jun-13	Chevron Products Company	573,826.92	24,564,508.56	page 108
3758	24-Jun-13	Chevron Australia Pty Ltd - Other	233,759.98	10,221,249.67	page 109
3760	25-Jun-13	Chevron Services Company	1,611,702.17	70,657,701.45	page 111
3770	25-Jun-13	Chevron Energy Technology Company	93,494.93	4,098,857.08	page 121
3773	26-Jun-13	CPUK - Trading and Marine Lubricants Branch	162,360.52	7,117,953.53	page 124
3775	26-Jun-13	Refineria Texaco de Honduras S.A.	7,361.89	322,748.36	page 126
Subtotal				**633,439,343.86**	
THIRD QUARTER OF CY 2013 (Exhibit P-53.3)					
5002	17-Jul-13	Chevron Products Company	585,489.46	25,433,947.00	page 128
5004	24-Jul-13	Chevron Australia Pty Ltd - Gorgon	140,190.65	6,055,751.62	page 130
5005	24-Jul-13	Chevron Australia Pty Ltd - Other	234,540.20	10,131,326.13	page 131
5008	25-Jul-13	Chevron Global Energy Inc. - Global Downstream Cost Allocation Branch	79,666.18	3,441,303.67	page 134
5012	25-Jul-13	Chevron Services Company	1,631,674.38	70,482,694.60	page 138
5013	25-Jul-13	Chevron Information Technology Company	1,980,021.19	85,530,073.00	page 139
5021	23-Aug-13	Chevron Information Technology Company	2,880,587.61	126,619,235.60	page 145
5022	23-Aug-13	Chevron Services Company	1,661,517.17	73,033,721.76	page 146
5032	27-Aug-13	Chevron Australia Pty Ltd - Other	290,946.70	12,856,681.40	page 155
5033	27-Aug-13	CPUK - Trading and Marine Lubricants Branch	162,360.52	7,174,570.04	page 156
5036	13-Aug-13	Chevron Polska Energy Resoources Sp. z.o.o.	15,086.96	655,668.41	page 159
5037	16-Aug-13	Chevron Products Company	600,232.61	26,256,894.58	page 160
5038	18-Sep-13	Chevron Products Company	597,635.28	25,995,444.98	page 161
5039	25-Sep-13	Chevron Services Company	1,607,341.93	69,521,709.78	page 162
5040	25-Sep-13	Chevron Information Technology Company	1,324,814.03	57,301,644.90	page 163
5042	25-Sep-13	Chevron Australia Pty Ltd - Other	242,532.45	10,490,157.87	page 165
5045	25-Sep-13	Chevron Energy Technology Company	166,140.21	7,185,995.24	page 168
5048	25-Sep-13	Chevron Upstream	105,473.88	4,562,019.03	page 171

5055	26-Sep-13	CCEC - Shekou Shared Cost Center	313.03	13,586.37	page 177
Subtotal				**622,742,425.98**	
FOURTH QUARTER OF CY 2013 (Exhibit P-53.4)					
5059	16-Oct-13	Chevron Products Company	586,777.20	25,303,027.17	page 181
5061	25-Oct-13	Chevron China Energy Company - Expl & Prod Services	9.53	410.78	page 183
5062	25-Oct-13	Chevron Gas and Mistream	97.31	4,194.40	page 184
5068	25-Oct-13	Chevron Upstream and Gas	15,546.79	670,120.26	page 189
5071	25-Oct-13	Chevron Global Energy Inc. - Global Downstream Cost Allocation Branch	36,027.09	1,552,891.81	page 192
5072	25-Oct-13	Chevron Canada Limited - Downstream	44,654.13	1,924,746.98	page 193
5073	25-Oct-13	Chevron Energy Technology Company	45,153.39	1,946,266.81	page 194
5076	25-Oct-13	Chevron NA Exploration Production Co	54,913.56	2,366,959.48	page 197
5077	25-Oct-13	Chevron Al Khalij, a branch of Chevron Asia Pacific Holdings Limited	78,473.31	3,382,470.26	page 198
5079	25-Oct-13	Chevron Business and Real Estate Services (a Chevron USA Inc. Division)	116,858.31	5,036,996.12	page 200
5082	25-Oct-13	Chevron Global Downstream	175,891.35	7,581,523.71	page 203
5085	25-Oct-13	Chevron Australia Pty Ltd - Other	246,852.00	10,640,172.41	page 206
5088	25-Oct-13	Chevron Services Company	1,626,327.57	70,100,326.29	page 208
5089	25-Oct-13	Chevron Information Technology Company	3,573,908.44	154,047,777.59	page 209
5092	29-Oct-13	Refineria Texaco de Honduras S.A.	5,889.48	253,638.24	page 212
5094	29-Oct-13	Refineria Panama S. de R.L.	25,761.29	1,109,444.01	page 214
5097	29-Oct-13	CPUK - Trading and Marine Lubricants Branch	163,171.81	7,027,209.73	page 217
5102	25-Oct-13	Chevron Australia Pty Ltd - Gorgon	63,981.38	2,757,818.10	page 221
5103	25-Oct-13	Chevron Australia Pty Ltd - Gorgon	266,678.30	11,494,754.31	page 222
5104	18-Nov-13	Chevron Products Company	647,109.52	28,184,212.54	page 223
5105	25-Nov-13	Chevron Information Technology Company	2,990,233.01	130,863,589.06	page 224
5106	25-Nov-13	Chevron Services Company	1,604,755.97	70,230,020.57	page 225
5127	17-Dec-13	Chevron Products Company	593,014.34	26,297,753.44	page 242
5130	23-Dec-13	Chevron Services Company	408,275.18	18,105,329.49	page 245
5131	23-Dec-13	CPUK - Trading and Marine Lubricants Branch	186,785.22	8,283,158.31	page 246
5132	23-Dec-13	Chevron Energy Technology Company	115,717.80	5,131,609.76	page 247
5134	23-Dec-13	Chevron Polska Energy Resoources Sp. z.o.o.	8,563.29	379,746.78	page 249
Subtotal				**594,676,168.41**	
TOTAL INVALID ZERO-RATED SALES				**2,374,506,151.14**	

Petitioner incurred/paid input taxes attributable to zero-rated sales and said input taxes were not applied against any output VAT liability

Having resolved that petitioner had valid VAT zero-rated sales for the four quarters of CY 2013 in the amount of ₱720,308,940.84, the Court will now proceed to determine whether petitioner incurred input taxes in connection therewith and if said input taxes were not applied against any output VAT liability of petitioner.

In its amended Quarterly VAT Returns for the four quarters of CY 2013, petitioner reflected a total amount of ₱105,758,241.10 allowable input VAT arising from its amortization of input VAT on purchases of capital goods exceeding ₱1 million, domestic purchases of capital goods not exceeding ₱1 million, domestic purchases and importation of goods other than capital goods, domestic purchases of services and services rendered by non-residents, detailed as follows:

	1st Quarter *(Exhibit "P-4.2")*	2nd Quarter *(Exhibit "P-5.2")*	3rd Quarter *(Exhibit "P-6.2")*	4th Quarter *(Exhibit "P-7.2")*	CY 2013
	Amounts in Philippine Pesos				
Input Tax Deferred on Capital Goods exceeding ₱1Million from Previous Quarter	44,187,976.62	41,434,854.56	38,785,356.55	36,643,819.37	44,187,976.62
Add: Input Tax on Capital Goods exceeding ₱1Million Purchased this Quarter	597,310.78	620,327.97	1,171,221.01	-	2,388,859.76
Total Unamortized Input Tax on Capital Goods exceeding ₱1Million	44,785,287.40	42,055,182.53	39,956,577.56	36,643,819.37	46,576,836.38
Less: Input Tax on Purchases of Capital Goods exceeding ₱1Million deferred for the succeeding period	41,434,854.58	38,785,356.56	36,643,819.37	33,331,281.98	33,331,281.98
Amortization of Input Tax on Capital Goods exceeding ₱1Million	3,350,432.82	3,269,825.97	3,312,758.19	3,312,537.39	13,245,554.40
Add: Input Tax on:					
Purchases of Capital Goods not exceeding ₱1Million	-	118,982.14	-	-	118,982.14
Domestic Purchases of Goods Other than Capital Goods	345,249.00	637,714.95	4,523,017.33	1,790,908.34	7,296,889.62
Importation of Goods Other than Capital Goods	44,574.00	106,149.00	264,966.00	20,691.00	436,380.00
Domestic Purchase of Services	16,008,379.28	20,078,049.55	17,998,379.35	21,472,837.42	75,557,645.60
Services Rendered by Non-Residents	2,217,629.99	2,079,020.67	2,355,945.47	2,450,193.21	9,102,789.34
Total Allowable Input Tax	**21,966,265.09**	**26,289,742.28**	**28,455,066.34**	**29,047,167.36**	**105,758,241.10**

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Out of the ₱105,758,241.10 input VAT, petitioner is claiming refund of the amount of ₱101,103,433.99 allegedly representing input VAT attributable to its zero-rated sales for the CY 2013.

In support of its input VAT claim, petitioner presented various summary lists[69] and schedules[70], and the corresponding invoices, official receipts, import documents, BIR Forms No. 1600 and other documents[71], which were all examined by the Court-commissioned Independent CPA.

A review of the ICPA report together with the documents supporting the ₱92,512,686.70[72] input VAT claim on purchases of capital goods not exceeding ₱1Million, domestic purchases and importation of goods other than capital goods, domestic purchases of services and services rendered by non-residents shows that input taxes amounting to ₱6,762,383.27 should be disallowed for not being properly substantiated VAT invoices or official receipts as prescribed under Sections 110(A) and 113(A) and (B) and 237 and 238 of the NIRC of 1997, as amended, in relation to Sections 4.110-1, 4.110-8 and 4.113-1 of RR No. 16-05, as amended, to wit:

Findings	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
DOMESTIC PURCHASES OF GOODS					
a. Supported by original copies of VAT OR *(Annex B-6 of the ICPA Report)*	-	-	₱ 9,120.00	-	₱ 9,120.00

[69] Exhibits "P-35.1" to "P-35.4" (*Summary List of Purchases*), Exhibits "P-36.1" to "P-36.4" (*Summary List of Importations*).

[70] Exhibits "P-37.1" to "P-37.4" (*Schedule of Domestic Purchase of Goods*), Exhibits "P-38.1" to "P-38.4" (*Schedule of Domestic Purchases of Services and Services Rendered to Non-Residents*), Exhibits "P-39-1" to "P-39.4" (*Schedule of Capital Goods*), Exhibits "P-40.1" to "P-40.4" (*Schedule of Importation of Goods*), and Exhibit "P-45" (*Schedule of Input Tax on Purchases from Prior Quarters*).

[71] Exhibits "P-41" and "P-42".

[72]

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
Purchase of Capital Goods not exceeding ₱1Million	-	118,982.14	-	-	118,982.14
Domestic Purchases of Goods other than Capital Goods	345,249.00	637,714.95	4,523,017.33	1,790,908.34	7,296,889.62
Importation of Goods other than Capital Goods	44,574.00	106,149.00	264,966.00	20,691.00	436,380.00
Domestic Purchases of Services	16,008,379.28	20,078,049.55	17,998,379.35	21,472,837.42	75,557,645.60
Services rendered by non-residents	2,217,629.99	2,079,020.67	2,355,945.47	2,450,193.21	9,102,789.34
Total	**18,615,832.27**	**23,019,916.31**	**25,142,308.15**	**25,734,629.97**	**92,512,686.70**

b. Supported by original copies of sales invoice dated outside CY 2013 *(Annex B-7 of the ICPA Report)*	₱ 50,004.09	-	-	-	50,004.09
Subtotal	**₱ 50,004,.09**	**-**	**₱ 9,120.00**	**-**	**₱ 59,124.09**
DOMESTIC PURCHASE OF SERVICES					
a. Domestic purchase of services supported by original copies of VAT ORs where the amount of Input VAT was not indicated *(Annex C-15 of the ICPA Report)*	₱ 4,582.49	₱ 47,382.89	₱ 1,380.00	₱ 11,612.06	₱ 64,957.44
b. Domestic purchase of services supported by original copies of VAT ORs where the amount of Input VAT was not indicated and where actual payment was not indicated in words *(Annex C-16 of the ICPA Report)*	3,535.59	-	2,754.42	1,254.08	7,544.09
c. Domestic purchase of services supported by Certified True Copy of VAT OR dated outside Calendar Year 2013 *(Annex C-17 of the ICPA Report)*	3,209,210.13	-	-	-	3,209,210.13
d. Domestic purchase of services supported by original copies of VAT ORs where company TIN and address were not indicated and where the amount of Input VAT was not indicated *(Annex C-18 of the ICPA Report)*	-	696.41	-	-	696.41
e. Domestic purchase of services supported by original copies of VAT ORs where company TIN and Input VAT were not indicated *(Annex C-19 of the ICPA Report)*	1,351.07	-	2,175.00	-	3,526.07
f. Domestic purchase of services supported by original copies of VAT ORs with incorrect company TIN *(Annex C-20 of the ICPA Report)*	-	-	4,242.87	38.57	4,281.44
g. Domestic purchase of services supported by original copies of Non-VAT ORs *(Annex C-21 of the ICPA Report)*	9,000.00	-	-	-	9,000.00
h. Domestic purchase of services supported by original copies of Non-VAT ORs and with incorrect company TIN *(Annex C-22 of the ICPA Report)*	5,399.64	-	-	-	5,399.64
i. Domestic purchase of services supported by original copies of VAT ORs stamped with "Not Valid Source of Input VAT" *(Annex C-23 of the ICPA Report)*	16,887.85	-	12,833.32	44,492.25	74,213.42
j. Domestic purchase of services supported by original copies of VAT ORs stamped with "Not Valid Source of Input VAT" and where the amount of Input VAT was not indicated *(Annex C-24 of the ICPA Report)*	2,742.88	-	-	1,584.00	4,326.88
k. Domestic purchase of services supported by original copies of VAT ORs dated outside the quarter of claim but within the period of claim and with invalid ATP *(Annex C-25 of the ICPA Report)*	-	-	-	4,800.00	4,800.00

l. Domestic purchase of service supported by original copies of VAT ORs stamped with "Not Valid Source of Input VAT" and where amount per OR differs from amount per Schedule *(Annex C-26 of the ICPA Report)*	-	-	-	1,128.21	1,128.21
m. Domestic purchase of services supported by original copies of VAT ORs dated outside the Calendar Year 2013 *(Annex C-27 of the ICPA Report)*	330,165.25	-	-	-	330,165.25
n. Domestic purchase of services supported by original copies of VAT ORs dated outside Calendar Year 2013 and where actual payment was not indicated in words *(Annex C-28 of the ICPA Report)*	53,750.41	-	-	-	53,750.41
o. Domestic purchase of services supported by original copies of VAT ORs dated outside Calendar Year 2013 and where the amount of Input VAT was not indicated *(Annex C-29 of the ICPA Report)*	210,665.38	-	-	-	210,665.38
p. Domestic purchase of services supported by original copies of VAT ORs dated outside Calendar Year 2013 and where the amount per OR differs from amount per Schedule *(Annex C-30 of the ICPA Report)*	268.96	-	-	-	268.96
q. Domestic purchase of services supported by original copies of VAT ORs dated outside Calendar Year 2013 and stamped with "Not Valid Source of Input VAT" *(Annex C-31 of the ICPA Report)*	-	-	-	4,572.44	4,572.44
r. Domestic purchase of services supported by original copies of VAT ORs with invalid ATP *(Annex C-32 of the ICPA Report)*	-	-	46,187.82	427,029.48	473,217.30
s. Domestic purchase of services supported by original copies of VAT ORs with invalid ATP and where amount per OR differs from amount per Schedule *(Annex C-33 of the ICPA Report)*	-	-	-	21,492.00	21,492.00
t. Domestic purchase of services supported by original copies of VAT ORs under the name of the employee instead of the company and where Input VAT and TIN were not indicated *(Annex C-34 of the ICPA Report)*	3,840.00	-	-	-	3,840.00
u. Domestic purchase of services not supported by original copies of VAT ORs (not part of 2013) *(Annex C-35 of the ICPA Report)*	21,510.00	-	-	-	21,510.00
v. Domestic purchase of services without supporting documents *(Annex C-36 of the ICPA Report)*	579,885.78	75,136.58	130,689.99	853,619.22	1,639,331.57
Subtotal	**₱4,452,795.43**	**₱123,215.88**	**₱200,263.42**	**₱1,371,622.31**	**₱6,147,897.04**
IMPORTATION OF GOODS					
a. Importation of goods supported by Import Entry and Internal	₱ 4,752.00	-	-	-	₱ 4,752.00

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Revenue Declarations (IEIRD) dated outside CY 2013 *(Annex E-3 of the ICPA Report)*					
b. Importation of goods supported by IEIRD but without proof of VAT payment					
Annex E-1 of the ICPA Report					
OC Tanner	39,822.00		-	-	39,822.00
Dexa Systems	-	₱48,779.00	-	-	48,779.00
OC Tanner	-	-	₱48,565.00	-	48,565.00
OC Tanner	-	-	54,147.00	-	54,147.00
Dexa Systems	-	-	57,344.00	-	57,344.00
Dexa Systems	-	-	32,771.00	-	32,771.00
OC Tanner	-	-	-	₱ 20,691.00	20,691.00
Annex E-2 of the ICPA Report					
OC Tanner		26,432.00	-		26,432.00
OC Tanner		10,693.00	-		10,693.00
Gilbarco, Inc.		20,245.00	-		20,245.00
OC Tanner		-	41,591.00		41,591.00
OC Tanner		-	30,548.00		30,548.00
Subtotal	**₱ 44,574.00**	**₱106,149.00**	**₱264,966.00**	**₱ 20,691.00**	**₱ 436,380.00**
DOMESTIC PURCHASES OF CAPITAL GOODS					
a. Supported by original copies of sales invoice dated outside CY 2013 *(Annex F-6 of the ICPA Report)*	-	₱ 118,982.14	-	-	₱ 118,982.14
Subtotal	-	**₱118,982.14**	-	-	**₱ 118,982.14**
TOTAL	**₱4,547,373.52**	**₱348,347.02**	**₱474,349.42**	**₱1,392,313.31**	**₱6,762,383.27**

In addition, the Court finds that the following amounts of input VAT claimed by petitioner were higher than the amounts reflected in the official receipts, thus, the difference of ₱62,544.24 should likewise be disallowed:

Supplier	OR No.	OR Date	Input VAT per Schedule	Input VAT per Official Receipt	Difference	Exhibit P-41
Domestic purchase of services supported by original copies of VAT ORs dated outside the quarter of claim but within the period of claim and where amount per OR differs from amount per schedule (Annex C-6 of the ICPA Report)						
Fourth Quarter of CY 2013						
MYND International Ltd.	1148	23-Aug-13	43,686.68	43,486.68	200.00	Folder 14, page 3
MYND International Ltd.	1161	09-Sep-13	90,715.10	65,652.71	25,062.39	Folder 14, page 4
RCBC Realty Corporation	37866	13-Sep-13	407,592.63	404,259.99	3,332.64	Folder 14, page 5
subtotal			**541,994.41**	**513,399.38**	**28,595.03**	

Domestic purchase of services supported by original copies of VAT ORs where amount per OR differs from amount per schedule (Annex C-9 of the ICPA Report)						
First Quarter of CY 2013						
Everything Express, Inc.	43286	09-Jan-13	2,880.37	868.55	2,011.82	Folder 17, page 4
Global Business Support Services, Inc.	13697	08-Jan-13	38,534.97	38,138.22	396.75	Folder 17, page 5
Misnet Education, Inc.	11609	25-Jan-13	3,803.57	3,530.57	273.00	Folder 17, page 10
North Park Noodle House, Inc.	48708	23-Jan-13	5,731.39	5,629.05	102.34	Folder 17, page 11
North Park Noodle House, Inc.	48709	23-Jan-13	549.11	539.30	9.81	Folder 17, page 12
Second Quarter of CY 2013						
Money Doctors, Inc.	28	17-Apr-13	7,452.00	7,228.44	223.56	Folder 17, page 22
Third Quarter of CY 2013						
Benchmark Par Excellence Tours and Transport, Inc.	3003	18-Sep-13	9,363.29	5,363.29	4,000.00	Folder 17, page 26
Catena Security, Inc.	10800	03-Jul-13	9,772.42	9,749.96	22.46	Folder 17, page 27
RCBC Realty Corporation	36217	03-Jul-13	372,189.08	371,237.79	951.29	Folder 17, page 29
Fourth Quarter of CY 2013						
Benchmark Par Excellence Tours and Transport, Inc.	3017	23-Oct-13	9,472.45	9,427.78	44.67	Folder 17, page 30
Ilustrado Restaurant	20218	16-Oct-13	574.81	223.39	351.42	Folder 17, page 32
Platon Martinez Flores San	37776	06-Nov-13	375.00	285.00	90.00	Folder 17, page 34
RCBC Realty Corporation	38220	09-Oct-13	5,111.75	5,052.06	59.69	Folder 17, page 35
RCBC Realty Corporation	38740	07-Nov-13	399,532.24	388,635.90	10,896.34	Folder 17, page 36
RCBC Realty Corporation	39250	04-Dec-13	1,494,386.29	1,479,870.23	14,516.06	Folder 17, page 37
subtotal			**2,359,728.74**	**2,325,779.53**	**33,949.21**	
Total			**2,901,723.15**	**2,839,178.91**	**62,544.24**	

Hence, out of the ₱92,512,686.70 input VAT claim on purchases of capital goods not exceeding ₱1Million, domestic purchases and importation of goods other than capital goods, domestic purchases of services and services rendered by non-residents, only the amount of ₱85,687,759.19 represents petitioner's valid input VAT, computed as follows:

	1st Quarter	**2nd Quarter**	**3rd Quarter**	**4th Quarter**	**CY 2013**
	Amounts in Philippine Pesos				
Input VAT per VAT Returns					
Purchase of Capital Goods not exceeding ₱1Million		118,982.14			118,982.14
Domestic Purchases of Goods other than Capital Goods	345,249.00	637,714.95	4,523,017.33	1,790,908.34	7,296,889.62

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Importation of Goods other than Capital Goods	44,574.00	106,149.00	264,966.00	20,691.00	436,380.00
Domestic Purchases of Services	16,008,379.28	20,078,049.55	17,998,379.35	21,472,837.42	75,557,645.60
Services rendered by non-residents	2,217,629.99	2,079,020.67	2,355,945.47	2,450,193.21	9,102,789. 34
Total	**18,615,832.27**	**23,019,916.31**	**25,142,308.15**	**25,734,629.97**	**92,512,686.70**
Less: Disallowances					
Not properly substantiated by VAT invoices or receipts	4,547,373.52	348,347.02	474,349.42	1,392,313.31	6,762,383.27
Excess of petitioner's claim over the input VAT shown in the supporting official receipts	2,793.72	223.56	4,973.75	54,553.21	62,544.24
Total Disallowances	**4,550,167.24**	**348,570.58**	**479,323.17**	**1,446,866.52**	**6,824,927.51**
Properly Substantiated Input VAT Claim on Purchases of Capital Goods not exceeding ₱1M, Domestic Purchases and Importation of Goods Other than Capital Goods, Domestic Purchases of Services and Services Rendered by Non-residents	**14,065,665.03**	**22,671,345.73**	**24,662,984.98**	**24,287,763.45**	**85,687,759.19**

The Court will now proceed to determine the substantiation of the ₱13,245,554.40 amortization of input VAT on capital goods purchases exceeding ₱1Million which originated from the ₱44,187,976.62 input tax deferred on capital goods exceeding ₱1Million from previous quarter and ₱2,388,859.76 input VAT from purchases during the four quarters of CY 2013, as shown below:

	1st Quarter *(Exhibit "P-4.2")*	**2nd Quarter** *(Exhibit "P-5.2")*	**3rd Quarter** *(Exhibit "P-6.2")*	**4th Quarter** *(Exhibit "P-7.2")*	**CY 2013**
	Amounts in Philippine Pesos				
Input Tax Deferred on Capital Goods exceeding ₱1Million from Previous Quarter	44,187,976.62	41,434,854.56	38,785,356.55	36,643,819.37	44,187,976.62
Add: Input Tax on Capital Goods exceeding ₱1Million Purchased this Quarter	597,310.78	620,327.97	1,171,221.01	-	2,388,859.76
Total Unamortized Input Tax on Capital Goods exceeding ₱1Million	44,785,287.40	42,055,182.53	39,956,577.56	36,643,819.37	46,576,836.38
Less: Input Tax on Purchases of Capital Goods exceeding ₱1Million deferred for the succeeding period	41,434,854.58	38,785,356.56	36,643,819.37	33,331,281.98	33,331,281.98
Amortization of Input Tax on Capital Goods exceeding ₱1Million	**3,350,432.82**	**3,269,825.97**	**3,312,758.19**	**3,312,537.39**	**13,245,554.40**

The Court noted that petitioner failed to present the VAT invoices/official receipts in support of the ₱44,187,976.62 input tax deferred on capital goods exceeding ₱1Million from previous quarter.

Hence, any claimed amortization of input tax related to the said amount shall be denied.

While petitioner was able to substantiate the amount of ₱2,388,859.76 input VAT related to its current purchases of capital goods exceeding ₱1Million, the same is not entirely creditable for the subject period of claim.

Pursuant to Section 110(A)(2) of the NIRC of 1997, as amended, input VAT claim on capital goods purchases attributable to zero-rated sales may be claimed either in full during the month of acquisition, or spread over a period of time, depending on the aggregate acquisition cost of the capital goods in the calendar month. If the aggregate acquisition cost exceeds ₱1Million, the claim for input tax should be spread over 60 months or the estimated useful life of the capital goods, whichever is shorter. On the other hand, if aggregate acquisition cost does not exceed ₱1 million, the total input taxes shall be allowed as credit/refund in the month of acquisition.

Applying the provisions of Section 110(A)(2) to the present case, out of the ₱2,388,859.76 input VAT on current purchases of capital goods exceeding ₱1Million, only the amount of ₱336,765.02 is creditable for the four quarters of CY 2013, computed as follows:

Supplier	**Month Acquired**	**Input VAT**	**Monthly Input Tax Credit**[73]
Annex F-1 of the ICPA Report			
Integrated Computer Systems Inc.	April	₱ 43,483.93	₱ 724.73
Integrated Computer Systems Inc.	May	304,387.50	5,073.13
Toyota Bicutan Paranaque	May	191,250.00	3,187.50
Integrated Computer Systems Inc.	July	38,552.68	642.54
Annex F-2 of the ICPA Report			
Microdata System and Management Inc.	January	133,250.76	2,220.85
Microdata System and Management Inc.	January	312,685.30	5,211.42
Microdata System and Management Inc.	January	151,374.72	2,522.91
Annex F-3 of the ICPA Report			
Dimension Data Philippines Inc.	June	454,760.37	7,579.34
Integrated Computer Systems Inc.	June	517,660.71	8,627.68
Integrated Computer Systems Inc.	June	75,214.29	1,253.57
Annex F-4 of the ICPA Report			

[73] Based on a 60-monthly amortization as indicated in Exhibit "P-43".

JLGT Marketing	May	59,757.86	995.96
Project Solution Group Asia Phils. Inc.	July	85,032.96	1,417.22
Annex F-5 of the ICPA Report			
Project Solution Group Asia Phils. Inc.	July	21,448.68	357.48
Total		**₱2,388,859.76**	

	Allowable Input Tax				
Supplier	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**	**CY 2013**
Annex F-1 of the ICPA Report					
Intergrated Computer Systems Inc.	-	₱ 2,174.20	₱ 2,174.20	₱ 2,174.20	₱ 6,522.59
Intergrated Computer Systems Inc.	-	10,146.25	15,219.38	15,219.38	40,585.00
Toyota Bicutan Paranaque	-	6,375.00	9,562.50	9,562.50	25,500.00
Intergrated Computer Systems Inc.	-	-	1,927.63	1,927.63	3,855.27
Annex F-2 of the ICPA Report					
Mircrodata System and Management Inc.	₱ 6,662.54	6,662.54	6,662.54	6,662.54	26,650.15
Mircrodata System and Management Inc.	15,634.27	15,634.27	15,634.27	15,634.27	62,537.06
Mircrodata System and Management Inc.	7,568.74	7,568.74	7,568.74	7,568.74	30,274.94
Annex F-3 of the ICPA Report					
Dimention Data Philippines Inc.	-	7,579.34	22,738.02	22,738.02	53,055.38
Intergrated Computer Systems Inc.	-	8,627.68	25,883.04	25,883.04	60,393.75
Intergrated Computer Systems Inc.	-	1,253.57	3,760.71	3,760.71	8,775.00
Annex F-4 of the ICPA Report					
JLGT Marketing	-	1,991.93	2,987.89	2,987.89	7,967.71
Project Solution Group Asia Philippines Inc.	-	-	4,251.65	4,251.65	8,503.30
Annex F-5 of the ICPA Report					
Project Solution Group Asia Philippines Inc.	-	-	1,072.43	1,072.43	2,144.87
Total	**₱29,865.54**	**₱68,013.50**	**₱ 119,442.99**	**₱ 119,442.99**	**₱336,765.02**

In sum, petitioner's total allowable input VAT amounted only to ₱86,024,524.21, as computed below:

	1st Quarter	**2nd Quarter**	**3rd Quarter**	**4th Quarter**	**CY 2013**
	Amounts in Philippine Pesos				
Input VAT on Purchases of Capital Goods not exceeding ₱1M, Domestic Purchases and Importation of Goods Other than Capital Goods, Domestic Purchases of Services and Services Rendered by Non-residents	14,065,665.03	22,671,345.73	24,662,984.98	24,287,763.45	85,687,759.19
Amortization of Input VAT on Purchases of Capital Goods exceeding ₱1Million	29,865.54	68,013.50	119,442.99	119,442.99	336,765.02
Total Allowable Input VAT	**14,095,530.57**	**22,739,359.23**	**24,782,427.97**	**24,407,206.44**	**86,024,524.21**

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Since petitioner did not submit VAT invoices/receipts proving the existence of its reported input VAT carry-over from previous quarter in the amount of ₱141,688,758.55[74], its output VAT liability for the four quarters of CY 2013 in the aggregate amount of ₱17,101,547.87, shall be offset against the total allowable input VAT of ₱86,024,524.21. Hence, only the remaining input VAT of ₱68,922,976.34 can be attributed to the entire zero-rated sales declared by petitioner in the amount of ₱3,094,815,091.98 and only the input VAT of ₱20,250,968.78 is attributable to the valid zero-rated sales of ₱720,308,940.84, as computed below:

	1st Quarter	**2nd Quarter**	**3rd Quarter**	**4th Quarter**	**CY 2013**
	Amounts in Philippine Pesos				
Total Allowable Input VAT	14,095,530.57	22,739,359.23	24,782,427.97	24,407,206.44	86,024,524.21
Less: Output VAT[75]	3,280,412.69	4,970,955.96	4,504,739.08	4,345,440.14	17,101,547.87
Excess Input VAT	**10,815,117.88**	**17,768,403.27**	**20,277,688.88**	**20,061,766.30**	**68,922,976.34**
Valid Zero-Rated Sales	157,978,984.85	180,310,274.56	171,354,300.72	210,665,380.71	720,308,940.84
Total Declared Zero-Rated Sales	681,627,197.74	633,439,343.86	622,742,425.98	594,676,168.41	3,094,815,091.98
% of Valid Zero-Rated Sales to Total Declared Zero-Rated Sales	23.17674315%	28.46527869%	27.51607945%	35.42522669%	
Excess Input VAT Attributable to Valid Zero-Rated Sales	**2,506,592.09**	**5,057,825.51**	**5,579,624.98**	**7,106,926.19**	**20,250,968.78**

Although the claimed input VAT was carried over by petitioner in its succeeding Quarterly VAT Returns[76], the same remained unutilized until it was deducted as "VAT Refund/TCC Claimed"[77] in its Quarterly VAT Return for the third quarter of CY 2014, thus, preventing the carry-over or application of the claimed input VAT in the next taxable quarters.

In fine, petitioner has sufficiently proven its entitlement to a refund or issuance of TCC in the reduced amount of ₱20,250,968.78, representing petitioner's unutilized excess input VAT attributable to its zero-rated sales for the four quarters of CY 2013.

[74] Exhibit "P-4.2", Line 20A.
[75] Exhibits "P-4.2", "P-5.2", "P-6.2" and "P-7.2", line 15B.
[76] Exhibits "P-11.2" (1stQtr of CY 2014), "P-12.2" (2nd Qtr of CY 2014), "P-13" (3rd Qtr of CY 2014).
[77] Exhibit "P-13" (3rd Qtr of CY 2014), Line 23D.

WHEREFORE, the present Petition for Review is **PARTIALLY GRANTED**. Accordingly, respondent is **ORDERED TO REFUND** or **TO ISSUE A TAX CREDIT CERTIFICATE** in favor of petitioner the amount of **₱20,250,968.78**, representing petitioner's excess and unutilized input VAT attributable to zero-rated transactions for the four quarters of calendar year 2013.

SO ORDERED.

Juanito C. Castañeda, Jr.
JUANITO C. CASTAÑEDA, JR.
Associate Justice

WE CONCUR:

CAESAR A. CASANOVA
Associate Justice

Catherine T. Manahan
CATHERINE T. MANAHAN
Associate Justice

ATTESTATION

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

Juanito C. Castañeda, Jr.
JUANITO C. CASTAÑEDA, JR.
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.

ROMAN G. DEL ROSARIO
Presiding Justice