REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

THIRD DIVISION

STEFANINI PHILIPPINES, INC.,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA Case No. 10826

Members:

REYES-FAJARDO, *Acting Chairperson*
and **ANGELES,** *JJ.*

Promulgated:

JAN 08 2026
11:50 a.m.

x - x

RESOLUTION

REYES-FAJARDO, *J*.:

We resolve:

1. petitioner's *Motion for Reconsideration (Re: Decision dated February 19, 2025)*[1] posted on March 11, 2025, with respondent's *Manifestation*[2] posted on May 8, 2025; and,

2. respondent's *Motion for Partial Reconsideration (Re: Decision promulgated on 19 February 2025)*[3] posted on March 5, 2025, with petitioner's *Comment/ Opposition [to Respondent's Motion for Partial Reconsideration (Re: Decision promulgated on 19 February 2025)]*[4] posted on August 6, 2025.

On February 19, 2025, the Court promulgated a Decision,[5] partially granting petitioner's claim for refund or issuance of a tax

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1 *Rollo*, pp. 1064 - 1083.
2 *Id*., pp. 1089 - 1091.
3 *Id*., pp. 1050 - 1061.
4 *Id*., pp. 1114 - 1132.
5 *Rollo*, pp. 1024 - 1043.

credit certificate in the reduced amount of ₱588,078.40 representing its unutilized input value-added tax (VAT) attributable to zero-rated sales relative to the fourth quarter of calendar year (CY) 2019. The *fallo* of which reads:[6]

> **WHEREFORE,** the instant Petition for Review is **PARTIALLY GRANTED.** Accordingly, respondent is **DIRECTED TO REFUND OR ISSUE TAX CREDIT CERTIFICATE** in favor of petitioner in the amount of ₱588,078.40, representing its unutilized input VAT attributable to zero-rated sales relative to the fourth quarter of CY 2019.
>
> **SO ORDERED.**

Undaunted, both parties filed their respective Motions for Partial Reconsideration.

Petitioner's Motion for Partial Reconsideration

Petitioner challenges the disallowance of input VAT amounting to ₱2,161,178.49, on the ground that the subject official receipts[7] did not bear the phrase "THIS INVOICE/RECEIPT SHALL BE VALID FOR FIVE (5) YEARS FROM THE DATE OF THE PERMIT TO USE," as required under Revenue Regulation (RR) No. 10-2015, as amended by RR No. 16-2018.

It argues that the receipts were generated through the suppliers' duly authorized Computerized Accounting Systems (CAS), each covered by valid Permits to Adopt CAS; hence, the requirement to bear said phrase in official receipts does not apply. It further asserts that CAS permits do not carry a fixed five-year validity period and remain effective until revoked, and that including said phrase requirement on such receipts would result in an absurd and unintended interpretation of the regulation.

Respondent, through its Manifestation, adopting its arguments in its Motion for Partial Reconsideration, asserts that the Court erred in giving weight to evidence not proffered in the administrative proceedings, and maintains that petitioner is not entitled to the refund sought.

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6 *Id.*, p. 1042.
7 Exhibits "P-56-A-81," "P-56-A-82," "P-56-A-84," "P-56-A-86," "P-56-A-87," "P-56-A-88," "P-56-A-89," "P-56-A-187," and "P-56-A-195."

Petitioner's argument fails to persuade.

A judgment must be based on facts.[8] Facts are generated by evidence.[9] Before evidence may come into being, it must be formally offered, and admitted by the court.[10] *Fideldia v. Spouses Mulato*[11] expounded on said precepts, and their concomitant rationale, in this wise:

> ...Section 34, Rule 132 of the Rules of Court, provides that "[t]he court shall consider no evidence which has not been formally offered." **A formal offer is necessary, since judges are required to base their findings of fact and their judgment solely and strictly upon the evidence offered by the parties at the trial. To allow parties to attach any document to their pleadings and then expect the court to consider it as evidence, even without formal offer and admission, may draw unwarranted consequences. Opposing parties will be deprived of their chance to examine the document and to object to its admissibility. On the other hand, the appellate court will have difficulty reviewing documents not previously scrutinized by the court below.**[12]

Petitioner seeks to impress upon the Court that its suppliers' Permits to Adopt CAS, cast an exemption from the mandatory invoicing requirement to include the subject phrase. However, these alleged permits were neither formally offered nor proven during trial. The mere appearance of permit numbers printed on the face of the subject official receipts does not constitute proof of its existence, scope, or continued validity.

Sans proof of these permits, petitioner's claimed exemption has no leg to stand on, and the mandatory invoicing requirement under the subject revenue regulations remains.

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8 *Spouses Guidangen v. Wooden*, G.R. No. 174445, February 15, 2012.

9 Section 1, Rule 128 of the Rules of Court, as amended reads: "**Section 1.** *Evidence defined.*- Evidence is the means, sanctioned by these rules, of ascertaining in a judicial proceeding the truth respecting a matter of fact."

10 Section 34, Rule 132 of the Rules of Court, as amended states in part: "**Section 34.** *Offer of evidence.* - The court shall consider no evidence which has not been formally offered..."

11 G.R. No. 149189, September 3, 2008.

12 Emphasis supplied. Citations omitted.

Moreover, the burden of proof lies with the taxpayer-claimant to prove its entitlement to the refund. *Commissioner Internal Revenue v. Filminera Resources Corporation* (*Filminera*)[13] is on point:

> We stress that the taxpayer-claimant has the burden of proving the legal and factual bases of its claim for tax credit or refund. After all, tax refunds partake the nature of exemption from taxation, and as such, must be looked upon with disfavor... **The burden of proof rests upon the taxpayer to establish by sufficient and competent evidence its entitlement to a claim for refund.**[14]

Consistent with *Filminera*, petitioner, as the taxpayer-claimant, bears the duty of presenting its evidence in a manner that allows the Court to verify it with certainty, most especially where it claims an exemption from invoicing requirements. However, this evidentiary duty was unmet by petitioner. Thus, the Court correctly disallowed the contested input VAT supported by the subject official receipts.

Respondent's Motion for Partial Reconsideration

Respondent faults the Court for giving weight to documents that were not proffered during the administrative proceedings, citing *Pilipinas Total Gas, Inc. v. Commissioner of Internal Revenue* (*Total Gas*)[15] in support thereof.

It further argues that petitioner's receipts and invoices fail to comply with the invoicing requirements because the words "zero-rated sale" do not appear on the face of the invoices or receipts, as mandated by Section 113(B)(2)(c) and (d) of the National Internal Revenue Code of 1997 (NIRC) and Section 4.113-1 of RR No. 16-2005.

In its Comment/ Opposition, petitioner counters that respondent's reliance on *Total Gas* is misplaced as the case involves a different factual milieu, thus its judicial claim before the Court is litigated *de novo*. It counters that it fully complied with the invoicing requirements as the required phrase was duly indicated in its official receipts.[16]

We find for petitioner.

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13 G.R. No. 236325, September 16, 2020.
14 Emphasis supplied.
15 G.R. No. 207112, December 8, 2015.
16 Exhibits "P-10," to "P-29," *Rollo*, Volume II, pp. 781-800.

Respondent's restrictive interpretation of *Total Gas* is unavailing.

To clarify, *Total Gas* envisioned two (2) scenarios in an administrative claim for input VAT refund, namely: (1) dismissal thereof by the BIR due to the taxpayer's failure to submit complete documents, despite the former's notice or request; or, (2) inaction tantamount to a denial, or denial *other than* due to taxpayer's failure to submit complete documents despite notice or request.

In the *first* scenario, the refund claimant must show the Court its entitlement to a VAT refund under substantive law, and submission of complete supporting documents at administrative level requested by the BIR. In the *second* situation, the refund claimant may present all evidence to prove its entitlement to a VAT refund, and the Court will consider all evidence offered even those not presented before respondent at the administrative level.[17]

Respondent's denial of petitioner's administrative claim for input VAT refund falls under the second situation. Specifically, petitioner's refund claim was denied because of non-compliance with invoicing requirements pursuant to Section 113 and Section 110 of NIRC, among others.[18]

Therefore, *sans* notice of deficiency in petitioner's documentation, the Court is not precluded from considering evidence proffered , regardless of whether the same was presented in administrative level.

Moreover, petitioner complied with the invoicing requirements as to the subject receipts.

In *Panasonic Communications Imaging Corp. v. Commissioner of Internal Revenue (Panasonic)*,[19] the Supreme Court elucidated on the purpose of requiring the term "zero-rated" on official receipts or invoices, *viz.*:

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17 *Commissioner of Internal Revenue v. Carmen Copper Corporation*, CTA EB Nos. 2735 & 2743, November 26, 2024 citing *Pilipinas Total Gas Inc. v. Commissioner of Internal Revenue*, G.R. No. 207112, December 8, 2015 citing *Atlas Consolidated Mining and Development Corporation v. Commissioner of Internal Revenue*, G.R. No. 145526, March 16, 2007.

18 Exhibit "P-53," *Rollo*, Volume II, pp. 852-853.

19 G.R. No. 178090, February 8, 2010.

> Section 4.108-1 of RR 7-95 proceeds from the rule-making authority granted to the Secretary of Finance under Section 245 of the 1977 NIRC (Presidential Decree 1158) for the efficient enforcement of the tax code and of course its amendments. The requirement is reasonable and is in accord with the efficient collection of VAT from the covered sales of goods and services. As **aptly explained by the CTA's First Division, the appearance of the word "zero-rated" on the face of invoices covering zero-rated sales prevents buyers from falsely claiming input VAT from their purchases when no VAT was actually paid. If, absent such word, a successful claim for input VAT is made, the government would be refunding money it did not collect.**
>
> Further, **the printing of the word "zero-rated" on the invoice helps segregate sales that are subject to 10% (now 12%) VAT from those sales that are zero-rated.** Unable to submit the proper invoices, petitioner Panasonic has been unable to substantiate its claim for refund.[20]

Following *Panasonic,* the critical consideration is whether the nature of the sale, *i.e.* that it is zero-rate, is clearly determinable from the face of the receipt, thereby enabling the government to verify the transaction and preventing erroneous or fraudulent VAT refund claims. Thus, what is considered fatal is the total absence of the phrase "zero-rated sale" on the receipt itself.

An examination of subject receipts discloses that the term "VAT Zero-Rated Sales" appears in the itemized breakdown of the transaction amounts, and the corresponding amounts attributable to zero-rated sales are expressly and distinctly indicated. Even if the phrase does not appear on a separate or more prominent line, its presence within the detailed breakdown sufficiently and unmistakably identifies the transaction as zero-rated.

From the foregoing, the Court finds that the subject receipts substantially complied with the invoicing requirement under the NIRC and relevant revenue regulations.

WHEREFORE, petitioner's *Motion for Reconsideration (Re: Decision dated February 19, 2025),* and respondent's *Motion for Partial Reconsideration (Re: Decision promulgated on 19 February 2025)* are **DENIED**. The Decision promulgated on February 19, 2025 is **AFFIRMED.**

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20 Emphasis supplied. Citations omitted.

SO ORDERED.

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

(I reiterate my Separate Concurring Opinion)
HENRY S. ANGELES
Associate Justice