REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

THIRD DIVISION

PHILIPPINE AIRLINES, INC., *Petitioner,*	**CTA Case No. 10765** Members:
- versus -	**MANAHAN,** *Chairperson,* **REYES-FAJARDO,** and **ANGELES** *JJ.*
COMMISSIONER OF INTERNAL REVENUE, *Respondent.*	Promulgated: FEB 11 2025 8:02 a.m.

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DECISION

REYES-FAJARDO, *J.*:

We resolve the Petition for Review filed on February 14, 2022, by Philippine Airlines, Inc., which aims to refund or credit, the amount of ₱4,332,880.85, allegedly representing Philippine Airlines, Inc.'s illegally paid excise taxes on its importation of alcohol products for the period July 2018 until April 2019.[1]

FACTS

Petitioner Philippine Airlines, Inc. is a domestic corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with registered address at PNB Financial Center, President Diosdado P. Macapagal Avenue, CCP Complex, 1307 Pasay City.[2]

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1 Docket, pp. 6-30.
2 Par. 1, Admitted Fact, Joint Stipulation of Facts and Issues (JSFI). *Id.* at p. 611.

Respondent is the duly appointed Commissioner of Internal Revenue, with office address at the Bureau of Internal Revenue (BIR) National Office Building, Agham Road, Diliman, Quezon City.[3]

On June 11, 1987, petitioner was granted a franchise to operate domestic and international air transport services by virtue of Presidential Decree (PD) No. 1590, otherwise known as *"An Act Granting a New Franchise to Philippine Airlines, Inc. to Establish, Operate, and Maintain Air-Transport Services in the Philippines and Between the Philippines and Other Countries."* [4]

From July 2018 to April 2019, petitioner imported various liquors and wine, as part of its in-flight and commissary supplies. These are evidenced by various Bureau of Customs (BOC) Single Administrative Documents, Informal Import Declarations and Entries, Air Waybills, and Authorities to Release Imported Goods (ATRIGs).[5]

Via separate letters issued on various dates, the BOC billed petitioner for excise taxes on its importation of liquors and wines, in the total amount of ₱4,332,880.85 with the following details:

Date of the Letter	Amount
May 7, 2019[6]	₱2,833,861.14
July 15, 2019[7]	676,387.51
September 23, 2019[8]	822,632.20

On February 12, 2020, petitioner paid under protest, excise taxes on its alcohol importations in the total amount of ₱4,332,880.85, broken down as follows:

BOC Official Receipt Number	Amount Paid
01907602050[9]	₱1,499,019.71
01907602061[10]	₱2,833,861.14

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3 *Ibid.*
4 Par. 2, Admitted Fact, JSFI. *Id.* at p. 612.
5 Exhibits "P-4" to "P-4.20," "P-5" to "P-5.20," and "P-6" to "P-6.20." *Id.* at pp. 718 to 810.
6 Exhibit "P-7.2." *Id.* at p. 813.
7 Exhibit "P-7." *Id.* at p. 811.
8 Exhibit "P-7.1." *Id.* at p. 812.
9 Exhibit "P-8." *Id.* at p. 814.
10 Exhibit "P-8.1." *Id.* at p. 815.

On February 9, 2022, petitioner filed with the BIR its letter of even date, applying for the refund of, or issuance of tax credit certificate, the amount of ₱4,332,880.85,[11] allegedly representing excise taxes illegally assessed, levied upon, and paid by petitioner under protest on its importation of alcohol products constituting commissary and catering supplies for use of consumption in its international flights.

On February 14, 2022, petitioner filed a Petition for Review,[12] docketed as CTA Case No. 10765, initially raffled before the Court's Third Division.

Under Order dated June 30, 2022, CTA Case No. 10765 was transferred from the Third Division, to the Court's Second Division.[13]

On July 5, 2022, respondent filed his Answer.[14]

On October 6, 2022, the pre-trial conference was held, whereby the parties jointly submitted, and we adopted the issue to be addressed in this case. The scheduled presentation of the parties' evidence, and the date of commissioner's hearing for the marking of their respective exhibits were as well set. Moreover, the parties were directed to submit their Joint Stipulation of Facts and Issues.[15]

On November 7, 2022, the parties submitted their Joint Stipulation of Facts and Issues,[16] which became the basis of our Pre-Trial Order[17] issued on January 4, 2023.

By Resolution dated May 29, 2023,[18] CTA Case No. 10765 went back to the Court's Third Division.

During trial, petitioner presented: (1) Jonathan R. Castillo Lee,[19] Manager for Company Materials Handling Division; (2) Cheryl V.

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11 Exhibit "P-2." *Id.* at pp. 706-715.
12 *Supra* note 1.
13 Docket, p. 552.
14 *Id.* at pp. 553-564.
15 Order dated October 6, 2022. *Id.* at pp. 602-604.
16 *Id.* at pp. 611-628.
17 *Id.* at pp. 632-638.
18 *Id.* at p. 1069.

Capinpin,[20] Manager for In-flight Procurement Division; and (3) Ruel Ryan O. Julian,[21] Manager for Tax Services Division, as its witnesses.

On August 7, 2023, petitioner filed its Formal Offer of Evidence,[22] to which respondent filed his Comment (on Petitioner's Formal Offer of Evidence) on August 14, 2023.[23]

By Resolution dated October 16, 2023, the pieces of evidence offered by petitioner were admitted.[24] Petitioner rested its case.

On the other hand, respondent manifested that he would not be presenting any witness.[25]

Through Minute Resolution dated February 12, 2024,[26] CTA Case No. 10765 was submitted for decision, considering: (1) respondent's Memorandum[27] posted on December 4, 2023; and (2) petitioner's Memorandum[28] filed on February 2, 2024.

ISSUE

Is petitioner entitled to the refund or credit of the excise taxes paid on its importation of alcohol products for the period July 2018 to April 2019, in the total amount of Four Million Three Hundred Thirty-Two Thousand Eight Hundred Eighty Pesos and 85/100 (₱4,332,880.85)?[29]

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19 Exhibit "P-26." *Id.* at pp. 37-46. Identified in the hearing held on March 9, 2023, per Order of even date, *id.* at 664-665.

20 Exhibit "P-27." *Id.* at pp. 154-166. Identified in the hearing held on March 9, 2023, per Order of even date, *id.* at 664-665.

21 Exhibit "P-28." *Id.* at pp. 334-342. Identified in the hearing held on July 18, 2023, per Order of even date, *id.* at 679-681.

22 *Id.* at pp. 682-704.

23 *Id.* at pp. 1060-1062.

24 *Id.* at pp. 1072-1074.

25 Respondent's Manifestation filed on August 22, 2023. *Id.* at 1065-1067.

26 *Id.* at p. 1111.

27 *Id.* at pp. 1075-1085.

28 *Id.* at pp. 1089-1110.

29 See Stipulated Issue, JSFI. *Id.* at p. 614.

ARGUMENTS

Petitioner maintains that its importation of commissary and catering supplies are exempt from all taxes, pursuant to its franchise as Republic Act (RA) No. 9334 did not repeal PD No. 1590. Being so, the excise taxes it paid on its alcohol products, imported from July 2018 to April 2019, in the total amount of ₱4,332,880.85 were illegally and erroneously collected by the BIR. For this reason, the refund or credit thereof is in order, pursuant to Section 204(C), in relation to Section 229 of the 1997 National Internal Revenue Code (NIRC), as amended.

Offering a different view, [30] respondent counters that petitioner's claim for refund or credit must be denied because: (1) RA No. 9334 repealed the tax exemption it enjoyed under PD No. 1590; and (2) assuming, the tax exemption in PD No. 1590 is still operative, petitioner failed to satisfy all the conditions for its entitlement.

RULING

The Petition is partly impressed with merit.

First, do we have jurisdiction over this case?

Yes.

Section 7(a)(2) of Republic Act (RA) No. 1125,[31] as amended by RA No. 9282 reads:

> Sec. 7. Jurisdiction. - The CTA shall exercise:
>
> a. **Exclusive appellate jurisdiction to review by appeal**, as herein provided:
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> ...
>
> 2. **Inaction by the Commissioner of Internal Revenue in cases involving** disputed assessments, **refunds of internal revenue taxes, fees or other charges, penalties in**

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[30] Respondent's Answer. *Supra* note 14.
[31] An Act Creating the Court of Tax Appeals.

> **relations thereto**, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue, where the National Internal Revenue Code provides a specific period of action, in which case the inaction shall be deemed a denial;
>
> ...[32]

Section 3(a)(2), Rule 4 of the Revised Rules of the Court of Tax Appeals (RRCTA)[33] clarified that the CTA in Division has jurisdiction over the inaction of respondent involving refunds of internal revenue taxes, among others. Among of the classes thereof is one premised upon illegal or erroneous collection of internal revenue tax, as acknowledged in Sections 204 and 229 of the NIRC, as amended. *Commissioner of Internal Revenue v. Carrier Air Conditioning Philippines, Inc.*[34] illuminated on the requirements for us to acquire jurisdiction over said type of refund case, as follows:

> Section 204 [of the NIRC, as amended] refers to the Commissioner of Internal Revenue's administrative authority to credit or refund erroneously paid or illegally collected taxes. Under this provision, an administrative claim for refund or credit must be filed within two years from payment of the tax.
>
> Section 229 [of the NIRC, as amended], on the other hand, requires two conditions for the filing of judicial claims: (1) an administrative claim must be filed first; and (2) the judicial claim must be filed within two years after payment of the tax sought to be refunded.
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> Reading the two provisions together, both administrative and judicial claims must be filed within the two-year period. Furthermore, the administrative claim must be filed before the judicial claim. This Court has previously declared that "[t]imeliness of the filing of the claim is mandatory and jurisdictional. The [Court of Tax Appeals] cannot take cognizance of a judicial claim for refund file either prematurely or out of time."

On February 12, 2020, petitioner paid under protest, excise taxes billed by the BOC on its importation of alcohol products for the period July 2018 to April 2019.[35] Counting two years from February 12, 2020, petitioner had until February 12, 2022 to file its

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32 Boldfacing supplied.
33 A.M. 05-11-07-CTA.
34 G.R. No. 226592, July 27, 2021.
35 *Supra* notes 9 and 10.

administrative and judicial claims for refund or credit in that order. Therefore, petitioner's timely filing of its administrative claim for refund or credit on February 9, 2022,[36] and Petition for Review on February 14, 2022,[37] resulted in our acquisition of jurisdiction over CTA Case No. 10765.

The next question—can petitioner invoke the tax exemption conferred by PD No. 1590,[38] despite the amendments introduced by RA No. 9334 on Section 131 of the NIRC, as amended?

Yes.

For one, Commissioner of Internal Revenue, et al. v. Philippine Airlines, Inc.[39] is unequivocal that "PD [No.] 1590 has not been revoked by the NIRC of 1997, as amended. Or to be more precise, the tax privilege of PAL provided in Sec. 13 of PD [No.] 1590 has not been revoked by Sec. 131 of the NIRC of 1997, as amended by Sec. 6 of RA [No.] 9334…."

For another, Republic of the Philippines v. Philippine Airlines, Inc.[40] is definitive that compliance with the conditions for tax exemption under Section 13 of PD No. 1590, would relieve petitioner's importation of commissary supplies used in transport and non-transport operations, and other incidental activities from the burden of, among others, excise tax imposition. The imported alcohol products are no exception:

> In other words, the franchise of PAL remains the governing law on its exemption from taxes. Its payment of either basic corporate income tax or franchise tax - whichever is lower - shall be in lieu of all other taxes, duties, royalties, registrations, licenses, and other fees and charges, except only real property tax. **The phrase "in lieu of all other taxes" includes but is not limited to taxes, duties, charges, royalties, or fees due on all importations by the grantee of the commissary and catering supplies, provided that such articles or supplies or materials are imported for the use**

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36 *Supra* note 11.

37 *Supra* note 1. The last day, *i.e.*, February 12, 2022, for petitioner to institute its judicial claim for refund or credit fell on a Saturday.

38 AN ACT GRANTING A NEW FRANCHISE TO PHILIPPINE AIRLINES, INC. TO ESTABLISH, OPERATE, AND MAINTAIN AIR-TRANSPORT SERVICES IN THE PHILIPPINES AND OTHER COUNTRIES.

39 G.R. Nos. 212536-37, August 27, 2014.

40 G.R. Nos. 209353-54, July 6, 2015.

> **of the grantee in its transport and non[-]transport operations and other activities incidental thereto and are not locally available in reasonable quantity, quality, or price.**[41]

On these accounts, petitioner may seek excise tax exemption under PD No. 1590, notwithstanding the enactment of, and amendment by RA No. 9334 on Section 131 of the NIRC, as amended.

Finally, is petitioner entitled to the refund or credit of the excise taxes it paid on the importation of alcohol products, for the period July 2018 to April 2019?

Yes, albeit in part.

For the excise tax exemption invoked by petitioner to lie, the requisites laid down in Section 13[42] of PD No. 1590, as interpreted by jurisprudence must be observed. These are: (1) its payment of corporate income tax; (2) the imported supplies are to be the used in its transport/non-transport operations and other incidental activities;[43] and (3) said supplies are not locally available in reasonable quantity, quality or price.[44] Requisites (1) and (2) were duly met. Requisite (3) was as well complied with, save for a fragment of petitioner's imported liquor. Bear in mind:

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41 Boldfacing supplied.

42 SECTION 13. ...

...

The tax paid by the grantee under either of the above alternatives shall be in lieu of all other taxes, duties, royalties, registration, license, and other fees and charges of any kind, nature, or description, imposed, levied, established, assessed, or collected by any municipal, city, provincial, or national authority or government agency, now or in the future, including but not limited to the following:

...

(2) All taxes, including compensating taxes, duties, charges, royalties, or fees due on all importations by the grantee of aircraft, engines, equipment, machinery, spare parts, accessories, **commissary and catering supplies**, aviation gas, fuel, and oil, whether refined or in crude form and other articles, supplies, or materials; provided, that such **articles or supplies or materials are imported for the use of the grantee in its transport and transport operations and other activities incidental thereto and are not locally available in reasonable quantity, quality, or price**; .... (Emphases supplied)

43 *Commissioner of Internal Revenue, et al. v. Philippine Airlines, Inc.*, G.R. Nos. 215705-07, February 22, 2017.

44 *Ibid.*

First. Petitioner's Annual Income Tax Return for Calendar Years (CY) 2018,[45] 2019,[46] and 2020,[47] together with their corresponding payment forms, duly proved its payment of corporate income taxes for said years, including the periods covered by the importation of its alcohol products on from July 2018 to April 2019.

Second. The concomitant ATRIGs[48] on petitioner's imported alcohol for the period July 2018 to April 2019, issued by respondent to the Commissioner of Customs, uniformly state that "*...the shipment to be released at the port of Ninoy Aquino Int'l Airport consisting of the above described articles, will be used exclusively FOR INTERNATIONAL INFLIGHT CONSUMPTION ONLY.*" Thus, there is *prima facie* proof that petitioner's imported alcohol products are to be used on an activity incident to its transport operations, *i.e.*, international inflight consumption. The most recent case of *Commissioner of Internal Revenue, et al. v. Philippine Airlines, Inc.*[49] confirmed:

> The application and subsequent issuance of an ATRIG is not a mechanical process. As provided under Revenue Memorandum Order No. 35-2002, the BIR officer must coordinate with the Bureau of Customs (BOC) if an ocular inspection of the imported articles is necessary or for purposes of laboratory analysis. The BIR officer may likewise refer an application to the Legal Division of the Regional Office or to the Law Division of the National Office if it involves legal issues on the taxability or exemption of the imported articles. Whenever there are doubts on the representations made on the application, the BIR officer may require further substantiation, documentation, or certification from other regulatory offices to authenticate the statements made by the importer. In short, various verification and processes are done prior to the issuance of an ATRIG, which presumably arms the BIR officer with sufficient knowledge of the facts contained therein.
>
> To be clear, such entries are only *prima facie* evidence of the facts stated therein; they are not conclusive. **The trustworthiness of such document is based on the presumption of regularity of performance of official duty, which is itself a mere disputable presumption. <u>However, given the *prima facie* case established by the ATRIGs, the burden of evidence shifted to the petitioners to rebut the same with controverting proof</u>.** However, as the CTA En Banc correctly observed, no such controverting evidence was presented.

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45 Exhibits "P-16" to "P-16.2." Docket, pp. 890-964.
46 Exhibit "P-20." *Id.* at pp. 977-1006.
47 Exhibits "P-24" to "P-24.1." *Id.* at pp. 1017-1054.
48 Exhibits "P-6" to "P-6.20." *Id.* at pp. 799-810.
49 G.R. Nos. 245330-31, April 1, 2024. Emphases added.

Third. *Commissioner of Internal Revenue, et al. v. Philippine Airlines, Inc.* and *Philippine Airlines, Inc. v. Commissioner of Internal Revenue, et al. (2023 PAL),*[50] detailed the satisfactory proof to show that petitioner's imported wines and liquors are *not* locally available in reasonable quantity, quality, or price:

> Here, there is no question that the imported liquors, wines, and cigarettes were "inflight materials" used in PAL's transport/flight operations. Moreover, the Judicial Affidavit of Capinpin categorically stated that the imported goods, specifically the Carlsberg Beer in Can, the Absolut Vodka, and the Gordon's Gin, were not locally available in reasonable quantity, quality or price. She testified that PAL imported the same because importation of said products is cheaper than buying them locally. We also note that the Tables of Comparison and supporting price lists submitted by PAL corroborated Capinpin's testimony that the imported items were not locally available in reasonable quantity, quality or price. Thus, in line with prevailing jurisprudence, We agree with PAL that the CTA erred in ruling that PAL has inadequately shown its compliance with Section 13 (b) (2) of PD [No.] 1590 as regards the amount of ₱240,283.71.

The pieces of evidence considered acceptable and sufficient in *2023 PAL,* to exhibit the non-availability of imported wines and liquors locally, in reasonable price, were produced by petitioner here. Consider:

For one, Cheryl V. Capinpin (Capinpin) declared that the imported alcohol products are *not* locally available in reasonable quantity, quality, or price.[51]

For another, Capinpin, too, professed that said wines and liquors, when imported, are cheaper compared to those locally available. Her declaration was arrived at, by comparing the local prices thereof vis-à-vis such articles' importation costs.[52]

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50 G.R. Nos. 236372-75, Resolution dated January 17, 2023.

51 Answer to Question No. 7, Judicial Affidavit of Ms. Cheryl V. Capinpin (Exhibit "P-27"). Docket, p. 155.

52 Answer to Question Nos. 7 and 8, Judicial Affidavit of Ms. Cheryl V. Capinpin (Exhibit "P-22"). *Id.* at pp. 155-156.

In addition, Capinpin's declarations here, are like what she attested in the proceedings before the Court in Division in *2023 PAL.*[53]

Moreover, Capinpin's testimony was also supported by a Table of Comparison,[54] and price lists from various local suppliers, namely: (1) 2018 and 2019 Absolute Sales Corporation Price Lists;[55] (2) Future Trade International Inc. Price List effective November 30, 2017;[56] and (3) Minivan Enterprise Price Lists for 2018 and 2019.[57]

Simply put, the pieces of evidence presented here is the essentially same as that in *2023 PAL.* Being so, petitioner satisfactorily proved that ***most*** of the alcohol products it imported from July 2018 to April 2019, are not available locally in reasonable quantity, quality, or price.

Specifically, petitioner sought to refund or credit, the amount of ₱4,332,880.85, corresponding to the excise taxes it paid on its imported liquor and alcohol products, for international in-flight consumption, covering the period July 2018 to April 2019, detailed as follows:

No.	Arrival Date	Informal Import Declaration and Entry/ BOC Single Administrative Documents[58]	Air Waybill[59]	Authority to Release Imported Goods[60]	Sales Invoice[61]	Product Imported	Value	Excise Tax Paid
		Exhibit Number						
1	13-Oct-2018	"P-4"	"P-5"	"P-6"	"P-10"	Hardy Stamp RiesGwzt ROW	AUD 7,900.00	₱ 65,700.00
2	13-Sep-2018	"P-4.1"	"P-5.1"	"P-6.1"	"P-10.1"	Ballantines 21 YO Scotch Whisky	USD 5,529.60	
						Chivas Regal 12 YO Scotch Whisky	USD 2,736.00	
						Chivas Royal Salute 21 YO Scotch Whisky	USD 2,358.00	84,202.61

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53 See Answer to Question Nos. 16 and 17, Judicial Affidavit of Ms. Cheryl Capinpin in CTA Case No. 8514 (Exhibit "WWW"). Docket (CTA Case No. 8514), pp. 619-620.
54 Exhibit "P-11." Docket, pp, 840-842.
55 Exhibit "P-12" and "P-12.1." *Id.* at pp. 843-844.
56 Exhibits "P-12.2" and "P-12.3." *Id.* at pp. 845-863.
57 Exhibits "P-12.4" and "P-12.5." *Id.* at pp. 864-865.
58 *Id.* at pp. 718-768.
59 *Id.* at pp. 769-789.
60 *Id.* at pp. 790-810.
61 *Id.* at pp. 818-839.

						Absolut Blue Vodka	USD 1,058.40	
3	27-Mar-2019	"P-4.2"	"P-5.2"	"P-6.2"	"P-10.2"	Japanese Beer Asahi Super Dry	HKD 68,400.00	100,663.20
4	29-Jan-2019	"P-4.3"	"P-5.3"	"P-6.3"	"P-10.3"	J&B Rare	USD 3,290.00	35,949.31
5	09-Jan-2019	"P-4.4"	"P-5.4"	"P-6.4"	"P-10.4"	Ballantines 21 YO Scotch Whisky Chivas Regal 12 YO Scotch Whisky Chivas Royal Salute 21 YO Scotch Whisky	USD 3,686.40 USD 5,472.00 USD 3,888.00	97,213.06
6	11-Jan-2019	"P-4.5"	"P-5.5"	"P-6.5"	"P-10.5"	Rawson's Retreat Private Release Shiraz Cabarnet	AUD 12,750.00	85,410.00
7	22-Oct-2018	"P-4.6"	"P-5.6"	"P-6.6"	"P-10.6"	Camus Cognac VSOP Elegance	USD 7,400.00	66,759.36
8	13-Oct-2018	"P-4.7"	"P-5.7"	"P-6.7"	"P-10.7"	Martini Sweet Vermouth Matini Dry Vermouth	HKD 30,240.00 HKD 30,240.00	21,024.00
9	10-Dec-2018	"P-4.8"	"P-5.8"	"P-6.8"	"P-10.8"	Johnnie Walker Double Black Label Johnnie Walker Black Label	USD 12,484.80 USD 3,024.00	103,173.70
10	26-Jan-2019	"P-4.9"	"P-5.9"	"P-6.9"	"P-10.9"	Beefeater Gin	USD 1,200.00	16,292.27
11	29-Jan-2019	"P-4.10"	"P-5.10"	"P-6.10"	"P-10.10"	Chivas Regal XV Camus VSOP Borderies	USD 8,942.40 USD 6,609.60	139,726.25
12	12-Feb-2019	"P-4.11"	"P-5.11"	"P-6.11"	"P-10.11"	Ballantines 21 YO Scotch Whisky Chivas Regal 12 YO Scotch Whisky Chivas Royal Salute 21 YO Scotch Whisky	USD 5,529.60 USD 3,556.80 USD 6,804.00	108,331.53
13	21-Apr-2019	"P-4.12"	"P-5.12"	"P-6.12"	"P-10.12"	Johnnie Walker Double Black Label Johnnie Walker Black Label	USD 4,960.80 USD 5,385.60	66,759.88
14	09-Nov-2018	"P-4.13"	"P-5.13"	"P-6.13"	"P-10.13a" "P-10.13b"	Johnnie Walker Black Label J&B Rare	USD 10,250.00 USD 3,290.00	131,594.02
15	03-Dec-2018	"P-4.14"	"P-5.14"	"P-6.14"	"P-10.14"	Rawson Private Release Shiraz Cabernet	AUD 12,750.00	85,410.00
16	13-Dec-2018	"P-4.15"	"P-5.15"	"P-6.15"	"P-10.15"	Beringer California Chardonnay	USD 2,475.00	18,790.20
17	13-Dec-2018	"P-4.16"	"P-5.16"	"P-6.16"	"P-10.16"	Beringer California Chardonnay	USD 2,475.00	18,790.20
18	13-Dec-2018	"P-4.17"	"P-5.17"	"P-6.17"	"P-10.17"	Beringer California Chardonnay	USD 1,485.00	11,274.12
19	18-Jul-2018	"P-4.18"	"P-5.18"	"P-6.18"	"P-10.18"	Japanese Beer Asahi Super Dry	HKD 85,500.00	120,978.00
20	30-Oct-2018	"P-4.19"	"P-5.19"	"P-6.19"	"P-10.19"	Japanese Beer Asahi Super Dry	HKD 85,500.00	120,978.00
21	15-Dec-2018	"P-4.20"	"P-5.20"	"P-6.20"	"P-10.20"	Champagne Brut Charles Heidsieck Reserve	EUR 79,518.24	2,833,861.14
		TOTAL						**₱4,332,880.85**

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For refund or credit of said excise taxes to be allowed, it must be established that cost of importing such alcohol products is lower than purchasing them locally. This requires us to determine the cost of importation thereof, followed by comparison of said cost, with the cost of such alcohol products' local purchase.

First-off, the cost of importation of the liquor and alcohol products referred to in the immediately preceding table, is exhibited in the following presentation:

No.	Product Imported	Excise Tax Paid	Value (In Foreign Curreny)	No. of Bottles	Price per Bottle (In Foreign Currency)	Ave. Exch. Rate per BSP[62] (USD)	Price per Bottle (USD)	Ave. Exchange Rate per BSP (PHP)[63]	Price per Bottle (PHP)	Ave. Excise Tax Per Bottle (PHP)	Total Importation Cost Per Bottle (PHP)
		(A)	*(B)*	*(C)*	*(D=B/C)*	*(E)*	*(F=DxE)*	*(G)*	*(H=FxG)*	*(I=A/C)*	*(J=H+I)*
1	Hardy Stamp RiesGwzt ROW	65,700.00	AUD 7,900.00	2,400	AUD 3.29	0.7105	2.34	54.0086	126.31	27.38	153.69
2	Ballantines 21 YO Scotch Whisky	39,856.77[64]	USD 5,529.60	72	USD 76.80	N/A	76.80	53.9419	4,142.74	553.57	4,696.30
	Chivas Regal 12 YO Scotch Whisky	19,720.80[65]	USD 2,736.00	120	USD 22.80	N/A	22.80	53.9419	1,229.88	164.34	1,394.22
	Chivas Royal Salute 21 YO Scotch Whisky	16,996.21[66]	USD 2,358.00	30	USD 78.60	N/A	78.60	53.9419	4,239.83	566.54	4,806.37
	Absolut Blue Vodka	7,628.83[67]	USD 1,058.40	84	USD 12.60	N/A	12.60	53.9419	679.67	90.82	770.49
3	Japanese Beer Asahi Super Dry	100,663.20	HKD 68,400.00	12,000	HKD 5.70	0.12739	0.73	52.4134	38.06	8.39	46.45
4	J&B Rare	35,949.31	USD 3,290.00	840	USD 3.92	N/A	3.92	52.4679	205.50	42.80	248.30
5	Ballantines 21 YO Scotch Whisky	27,468.59[68]	USD 3,686.40	48	USD 76.80	N/A	76.80	52.7691	4,052.67	572.26	4,624.93
	Chivas Regal 12 YO Scotch Whisky	40,773.69[69]	USD 5,472.00	240	USD 22.80	N/A	22.80	52.7691	1,203.14	169.89	1,373.03
	Chivas Royal Salute 21 YO Scotch Whisky	28,970.78[70]	USD 3,888.00	48	USD 81.00	N/A	81.00	52.7691	4,274.30	603.56	4,877.86
6	Rawson's Retreat Private Release Shiraz Cabarnet	85,410.00	AUD 12,750.00	3,000	USD 4.25	0.7249	3.08	52.4679	161.64	28.47	190.11
7	Camus Cognac VSOP Elegance	66,759.36	USD 7,400.00	600	USD 12.33	N/A	12.33	54.0086	665.93	111.27	777.19
8	Martini Sweet Vermouth	10,512.00[71]	HKD 30,240.00	2,880	HKD 10.50	0.1275	1.34	54.0086	72.30	3.65	75.95
	Matini Dry Vermouth	10,512.00[72]	HKD 30,240.00	2,880	HKD 10.50	0.1275	1.34	54.0086	72.30	3.65	75.95

62 Exhibit "P-14." *Id.* at p. 888.
63 Exhibit "P-13." *Id.* at p. 887.
64 Represents pro-rated amount based on product value.
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9	Johnnie Walker Double Black Label	83,056.27[73]	USD 12,484.80	408	USD 30.60	N/A	30.60	52.8083	1,615.93	203.57	1,819.50
	Johnnie Walker Black Label	20,117.43[74]	USD 3,024.00	120	USD 25.20	N/A	25.20	52.8083	1,330.77	167.65	1,498.41
10	Beefeater Gin	16,292.27	USD 1,200.00	300	USD 4.00	N/A	4.00	52.8083	211.23	54.31	265.54
11	Chivas Regal XV	80,341.07[75]	USD 8,942.40	240	USD 37.26	N/A	37.26	52.4679	1,954.87	334.75	2,289.62
	Camus VSOP Borderies	59,385.18[76]	USD 6,609.60	180	USD 36.72	N/A	36.72	52.4679	1,926.62	329.92	2,256.54
12	Ballantines 21 YO Scotch Whisky	37,697.61[77]	USD 5,529.60	72	USD 76.80	N/A	76.80	52.1901	4,008.20	523.58	4,531.78
	Chivas Regal 12 YO Scotch Whisky	24,248.20[78]	USD 3,556.80	156	USD 22.80	N/A	22.80	52.1901	1,189.93	155.44	1,345.37
	Chivas Royal Salute 21 YO Scotch Whisky	46,385.73[79]	USD 6,804.00	84	USD 81.00	N/A	81.00	52.1901	4,227.40	552.21	4,779.61
13	Johnnie Walker Double Black Label	32,009.43[80]	USD 4,960.80	156	USD 31.80	N/A	31.80	52.1122	1,657.17	205.19	1,862.36
	Johnnie Walker Black Label	34,750.45[81]	USD 5,385.60	204	USD 26.40	N/A	26.40	52.1122	1,375.76	170.35	1,546.11
14	JW Black Label	99,618.81[82]	USD 10,250.00	1,500	USD 6.83	N/A	6.83	53.9419	368.60	66.41	435.02
	J&B Rare	31,975.21[83]	USD 3,290.00	840	USD 3.92	N/A	3.92	53.9419	211.27	38.07	249.34
15	Rawson Private Release Shiraz Cabernet	85,410.00	AUD 12,750.00	3,000	AUD 4.25	0.7031	2.99	52.7691	157.68	28.47	186.15
16	Beringer California Chardonnay	18,790.20	USD 2,475.00	660	USD 3.75	N/A	3.75	52.7691	197.88	28.47	226.35
17	Beringer California Chardonnay	18,790.20	USD 2,475.00	660	USD 3.75	N/A	3.75	52.7691	197.88	28.47	226.35
18	Beringer California Chardonnay	11,274.12	USD 1,485.00	396	USD 3.75	N/A	3.75	52.7691	197.88	28.47	226.35
19	Japanese Beer Asahi Super Dry	120,978.00	HKD 85,500.00	15,000	HKD 5.70	0.12742	0.73	53.4329	38.81	8.07	46.87
20	Japanese Beer Asahi Super Dry	120,978.00	HKD 85,500.00	15,000	HKD 5.70	0.1275	0.73	54.0086	39.25	8.07	47.32
21	Champagne Brut Charles Heidsieck Reserve	2,833,861.14	EUR 79,518.24	4,266	EUR 18.64	1.1439	21.32	52.7691	1,125.16	664.29	1,789.45

Meanwhile, we likewise examined the 2018 and 2019 Absolute Sales Corporation Price Lists,[84] Future Trade International Inc. Price List effective November 30, 2017;[85] and Minivan Enterprise Price Lists for 2018 and 2019.[86] Our inspection thereof divulged that *some* of the

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81 Represents pro-rated amount based on product value.
82 Represents pro-rated amount based on product value.
83 Represents pro-rated amount based on product value.
84 Exhibit "P-12" and "P-12.1." *Id.* at pp. 843-844.
85 Exhibits "P-12.2" and "P-12.3." *Id.* at pp. 845-863.
86 Exhibits "P-12.4" and "P-12.5." *Id.* at pp. 864-865.

imported alcohol and liquor products may *not* be found on those price lists. Ponder on the following presentation:

No.	Product Imported	Total Importation Cost Per Bottle (In PHP)	Retail Price/Bottle (In PHP) if Purchased Domestically From		
			Absolute Sales Corporation	Future Trade International Inc.	Minivan Enterprise
1	Hardy Stamp RiesGwzt ROW	153.69	*None*	340.00	*None*
2	Ballantines 21 YO Scotch Whisky	4,696.30	*None*	*None*	*None*
	Chivas Regal 12 YO Scotch Whisky	1,394.22	*None*	*None*	*None*
	Chivas Royal Salute 21 YO Scotch Whisky	4,806.37	*None*	*None*	*None*
	Absolut Blue Vodka	770.49	*None*	*None*	*None*
3	Japanese Beer Asahi Super Dry	46.45	56.25	*None*	*None*
4	J&B Rare	248.30	*None*	*None*	*None*
5	Ballantines 21 YO Scotch Whisky	4,624.93	*None*	*None*	*None*
	Chivas Regal 12 YO Scotch Whisky	1,373.03	*None*	*None*	*None*
	Chivas Royal Salute 21 YO Scotch Whisky	4,877.86	*None*	*None*	*None*
6	Rawson's Retreat Private Release Shiraz Cabarnet	190.11	*None*	578.00	451.00
7	Camus Cognac VSOP Elegance	777.19	*None*	*None*	*None*
8	Martini Sweet Vermouth	75.95	*None*	*None*	*None*
	Matini Dry Vermouth	75.95	*None*	530.00	*None*
9	Johnnie Walker Double Black Label	1,819.50	*None*	*None*	*None*
	Johnnie Walker Black Label	1,498.41	*None*	*None*	*None*
10	Beefeater Gin	265.54	*None*	*None*	*None*
11	Chivas Regal XV	2,289.62	*None*	*None*	*None*
	Camus VSOP Borderies	2,256.54	*None*	*None*	*None*
12	Ballantines 21 YO Scotch Whisky	4,531.78	*None*	*None*	*None*
	Chivas Regal 12 YO Scotch Whisky	1,345.37	None	*None*	*None*
	Chivas Royal Salute 21 YO Scotch Whisky	4,779.61	None	*None*	*None*
13	Johnnie Walker Double Black Label	1,862.36	None	*None*	*None*
	Johnnie Walker Black Label	1,546.11	None	*None*	*None*
14	JW Black Label	435.02	None	*None*	*None*
	J&B Rare	249.34	None	*None*	*None*
15	Rawson Private Release Shiraz Cabernet	186.15	None	*None*	451.50
16	Beringer California Chardonnay	226.35	None	*None*	579.00
17	Beringer California Chardonnay	226.35	None	*None*	579.00
18	Beringer California Chardonnay	226.35	None	*None*	579.00
19	Japanese Beer Asahi Super Dry	46.87	54.58	*None*	*None*
20	Japanese Beer Asahi Super Dry	47.32	54.58	*None*	*None*
21	Champagne Brut Charles Heidsieck Reserve	1,789.45	*None*	2,650.00	*None*

Carving out those liquor and alcohol whose importation costs are lower than purchasing them locally, the excise taxes paid by petitioner thereon, to the extent of ₱3,472,366.86, should be refunded or credited in favor of the latter. This conclusion is drawn from the following presentation:

No.	Product Imported	Total Importation Cost Per Bottle (In PHP)	Retail Price/Bottle (In PHP) if Purchased Domestically From			Amount of Excise Taxes Paid
			Absolute	Future Trade	Minivan	

			Sales Corporation	International Inc.	Enterprise	
1	Hardy Stamp RiesGwzt ROW	153.69	*None*	340.00	*None*	₱ 65,700.00
3	Japanese Beer Asahi Super Dry	38.06	56.25	None	*None*	100,663.20
6	Rawson's Retreat Private Release Shiraz Cabarnet	161.64	*None*	578.00	451.00	85,410.00
8	Matini Dry Vermouth	72.30	*None*	530.00	*None*	10,512.00
15	Rawson Private Release Shiraz Cabernet	157.68	*None*	*None*	451.50	85,410.00
16	Beringer California Chardonnay	197.88	*None*	*None*	579.00	18,790.20
17	Beringer California Chardonnay	197.88	*None*	*None*	579.00	18,790.20
18	Beringer California Chardonnay	197.88	*None*	*None*	579.00	11,274.12
19	Japanese Beer Asahi Super Dry	38.81	54.58	*None*	*None*	120,978.00
20	Japanese Beer Asahi Super Dry	39.25	54.58	*None*	*None*	120,978.00
21	Champagne Brut Charles Heidsieck Reserve	1,125.16	*None*	2,650.00	*None*	2,833,861.14
	TOTAL					**₱3,472,366.86**

WHEREFORE, the Petition for Review filed on February 14, 2022, in CTA Case No. 10765, is **PARTIALLY GRANTED**. Accordingly, the Commissioner of Internal Revenue is **DIRECTED** to **REFUND** or **ISSUE** a **TAX CREDIT CERTIFICATE** in favor of Philippine Airlines, Inc., the amount of ₱3,472,366.86, representing the latter's erroneously paid excise taxes on its importation of liquors and wines for the period July 2018 to April 2019.

SO ORDERED.

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

WE CONCUR:

CATHERINE T. MANAHAN
Associate Justice

HENRY S. ANGELES
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.

CATHERINE T. MANAHAN
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, and the Division Chairperson's Attestation, it is hereby certified that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ROMAN G. DEL ROSARIO
Presiding Justice