20-000465-0062

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

CTA CASE NO. 10439

PETRON CORPORATION,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

NOTICE OF DECISION

To:

OFFICE OF THE SOLICITOR GENERAL
134 Amorsolo Street, Legazpi Village
Makati City

ATTY. AYESHA HANIA B. GUILING-MATANOG
ATTY. CLARISSA J. VIRTUDES-BABARAN
Bureau of Internal Revenue
Room 703, Litigation Division, BIR National Office Building
Sen. Miriam P. Defensor Santiago Avenue
Diliman, Quezon City

DU-BALADAD & ASSOCIATES
20th Floor, Chatham House Building
Rufino corner Valero Street, Salcedo Village
Makati City

GREETINGS:

You are hereby notified by these presents that on **April 15, 2025,** a Decision was rendered in the above-entitled case, copy of which is attached hereto.

Quezon City, Philippines, **April 21, 2025.**

Atty. Maria Johoanna F. Chan-Te
Executive Clerk of Court II

REPUBLIC OF THE PHILIPPINES
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PETRON CORPORATION,
Petitioner,

-versus-

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA CASE NO. 10439

Members:

DEL ROSARIO, *P.J., Chairperson,*
BACORRO-VILLENA, *and*
CUI-DAVID, *JJ.*

Promulgated:

APR 15 2025 9:00 AM

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DECISION

CUI-DAVID, J.:

Before this Court is a *Petition for Review* filed on December 29, 2020, by petitioner Petron Corporation ("Petitioner") against respondent Commissioner of Internal Revenue ("CIR" or "respondent"). Petitioner seeks a refund of ₱1,499,409,664.00, allegedly representing excise taxes paid from January 1, 2019, to December 31, 2019, on imported and locally produced Jet A-1 fuel subsequently sold and delivered to various international carriers and tax-exempt entities.[1]

THE PARTIES

Petitioner Petron Corporation is a domestic corporation duly organized and existing under Philippine law, with principal office address at SMC Head Office Complex, 40 San Miguel Avenue, Mandaluyong City.[2]

Respondent CIR is sued in his official capacity, having been duly appointed and empowered to perform the duties of his office, including, among others, the duty to act and approve

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[1] Docket – Vol. II, p. 569, Pre-Trial Order dated July 27, 2022, I. Summary of the Case.
[2] Docket – Vol. I, p. 6, Petition for Review, II. Parties; Docket – Vol. II, pp. 743–762, Exhibits "P-1" and "P-2".

claims for refund as provided by law. He may be served with summons, notices, and other court processes at his office at the BIR National Office Building, Diliman, Quezon City.[3]

THE FACTS

On December 17, 2020, petitioner filed two *Applications for Tax Credits/Refunds* (BIR Form No. 1914)[4] with the Large Taxpayers Excise Audit Division II of the Bureau of Internal Revenue (BIR). These applications, accompanied by letters of the same date,[5] sought a refund of excise taxes totaling ₱1,499,409,664.00, allegedly paid on imported and locally manufactured Jet A-1 fuel from January 1 to December 31, 2019. The fuel was subsequently sold and delivered to various international carriers and tax-exempt entities. The total refund claim is as follows: **₱1,488,202,976.00** for imported Jet A-1 fuel and **₱11,206,688.00** for locally manufactured Jet A-1 fuel.

However, the BIR did not act on both administrative claims for refund, and since the two-year prescriptive period is about to lapse, petitioner was compelled to seek judicial redress.

PROCEEDINGS BEFORE THE COURT

As previously stated, petitioner filed the present *Petition for Review* on December 29, 2020.[6]

On March 10, 2021, respondent filed his *Answer* within the extended period granted by the Court.[7]

On March 22, 2021, respondent filed a *Manifestation*, stating that the *BIR Records* for this case were on file with the Court's Second Division under CTA Case No. 10436.[8]

The Pre-Trial Conference was initially set for April 28, 2021,[9] but was reset and held on July 5, 2021.[10] Prior to this, the parties submitted their respective *Pre-Trial Briefs*,

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[3] Docket – Vol. I, p. 271, *Joint Stipulation of Facts and Issues* (JSFI), Admitted Facts, par. 1; Docket – Vol. II, p. 569-570, Pre-Trial Oder dated July 27, 2022, II. Statement of the Facts & Issues, A. Stipulation of Fact.

[4] Docket – Vol. II, p. 781, Exhibit "P-8"; 789, Exhibit "P-10".

[5] *Id.* at 782–788, Exhibit "P-7"; 790–796, Exhibit "P-9".

[6] Docket – Vol. I, pp. 6–43.

[7] *Id.* at 152–160.

[8] *Id.* at 162–164.

[9] *Id.* at 166–167, Notice of Pre-Trial Conference dated March 12, 2021.

[10] *Id.* at 168, Order dated May 27, 2021; 199–200, Minutes of the hearing held on, and Order dated, July 5, 2021.

respondent on June 7, 2021,[11] and petitioner on June 30, 2021.[12]

On October 26, 2021, petitioner filed a *Submission with Manifestation*,[13] attaching the parties' *Joint Stipulation of Facts and Issues*,[14] which was admitted and approved in a Resolution dated July 27, 2022,[15] thereby deeming the termination of the pre-trial. The Pre-Trial Order was issued on the same date.[16]

During the trial, petitioner presented both testimonial and documentary evidence. It offered the testimonies of the following witnesses:

(1) Atty. Ma. Clarissa C. Arguelles,[17] Tax Manager;
(2) Mr. Michael F. Manzano,[18] Commercial Services Manager;
(3) Ms. Marissa U. Viray,[19] Accounting Services Manager;
(4) Mr. Francis Herthiel N. Cariño,[20] Area Sales Manager – Industrial South Luzon;
(5) Mr. Leojun Antonio A. Gonzales,[21] Area Sales Manager – National Accounts, Industrial Trade;
(6) Mr. Emmanuel Victor T. Tatoy,[22] Terminal Manager for the Joint Oil Companies Aviation Fuel Storage Plant/Ninoy Aquino International Airport (JOCASP/NAIA);
(7) Mr. Elgo R. Lagyap,[23] Limay Terminal Manager; and
(8) Ms. Katherine O. Constantino,[24] the Court-commissioned Independent Certified Public Accountant (ICPA).[25]

The ICPA *Report* and *Supplemental Report* were submitted on January 11, 2022 and February 3, 2022, respectively.[26]

On October 24, 2022, petitioner filed its *Formal Offer of Evidence (With Motion To Set Additional Commissioner's Hearing)*,[27] to which respondent filed his *Comment (Re: Formal*

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[11] *Id.* at 169–172.
[12] *Id.* at 175–196.
[13] *Id.* at 267–269.
[14] *Id.* at 271–281.
[15] Docket – Vol. II, p. 566.
[16] *Id.* at 569–576.
[17] Docket – Vol. I, pp. 77–100, Exhibit "P-29"; Docket – Vol. II, pp. 519–527, Exhibit "P-90"; Docket – Vol. II, p. 511, Order dated November 8, 2021; Docket – Vol. II, pp. 580–582, Minutes of the hearing held on, and Order dated, September 22, 2022.
[18] Docket – Vol. I, pp. 47–55, Exhibit "P-31"; Docket – Vol. II, p. 511, Order dated November 8, 2021.
[19] Docket – Vol. I, pp. 207–220, Exhibit "P-30"; Docket – Vol. II, p. 511, Order dated November 8, 2021.
[20] Docket – Vol. I, pp. 136–144, Exhibit "P-33"; Docket – Vol. II, p. 511, Order dated November 8, 2021.
[21] Docket – Vol. I, pp. 125–132, Exhibit "P-34"; Docket – Vol. II, p. 512, Order dated February 7, 2022.
[22] Docket – Vol. I, pp. 113–121, Exhibit "P-35"; Docket – Vol. II, p. 512, Order dated February 7, 2022.
[23] Docket – Vol. I, pp. 104–109, Exhibit "P-36"; Docket – Vol. II, p. 512, Order dated February 7, 2022.
[24] Docket – Vol. I, pp. 306–408, 420 to 503 and Docket – Vol. II, pp. 542–555, Exhibits "P-77", "P-78" and "P-79", respectively; Docket – Vol. II, p. 512, Order dated February 7, 2022; Docket – Vol. II, pp. 557–558, Minutes of the hearing held on, and Order dated, May 16, 2022.
[25] Docket – Vol. II, p. 511, Order dated November 8, 2021.
[26] Exhibits "P-37" and "P-73" (on separate binders).
[27] Docket – Vol. II, pp. 583–741.

Offer of Evidence) on October 25, 2022.[28] On December 14, 2022, the Court resolved to grant petitioner's *Motion to Set Additional Commissioner's Hearing* and hold the resolution of its Formal Offer of Evidence in abeyance.[29]

On July 11, 2023, acting on petitioner's *Formal Offer of Evidence*, the Court admitted petitioner's offered exhibits, *except* Exhibits "P-6", "P-6-3915" to "P-6-3923", "P-6-3925" to "P-6-3989", "P-6-3991" to "P-6-4014", "P-6-3924", "P-6-3990", "P-19-106", "P-20", "P-20-3", "P-20-16", "P-20-21", "P-21-12804 page 4", "P-21-20779", "P-21-20786", "P-23-9" pages 401-600, "P-26-1379", "P-27-236", "P-27-237", "P-27-241", "P-27-245", "P-27-248" to "P-27-251", "P-27-283", "P-27-368", "P-27-378", "P-27-380", "P-27-384", "P-27-387", "P-27-392", "P-27-395", "P-27-403" to "P-27-409", "P-27-411" to "P-27-413", "P-27-425", "P-27-431", "P-27-442", "P-28-298", "P-26-98", "P-26-679", "P-28-104" and "P-28-556", for not being found in the records. [30]

On August 2, 2023, petitioner filed an *Omnibus Motion for Reconsideration (Re: Resolution promulgated on July 11, 2023) (with Motion to Correct Description of Documentary Exhibits and Motion to Recall Petitioner's Witness and Independent Certified Public Accountant)*.[31] Respondent failed to file a comment.[32] In a Resolution dated November 15, 2023,[33] the Court dispensed with petitioner's alternative request to recall its witnesses Ms. Arguelles and Ms. Constantino, the Court-commissioned ICPA, and admitted Exhibits "P-6", "P-6-3915" to "P-6-3923", "P-6-3925" to "P-6-3989", "P-6-3991" to "P-6-4014", "P-6-3924", "P-6-3990, "P-20", "P-20-3", "P-20-21", "P-21-12804 page 4", "P-21-20779", "P-21-20786", "P-23-9" pages 401-600, "P-27-236", "P-27-237", "P-27-241", "P 27-245", "P-27-248" to "P-27-251", "P-27-283", "P-27-368", "P-27-378", "P-27-380", "P-27-384", "P-27-387", "P-27-392", "P-27-395", "P-27-403" to "P-27-409", "P-27-411" to "P-27-413", "P-27-425", "P-27-431" and "P-28-298", but still denied the admission of Exhibits "P-19-106", "P-20-16", "P-26-1379", "P-27-442", "P-26-98", "P-26-679", "P-28-104" and "P-28-556", for not being found in the records.

On February 16, 2024, respondent filed a *Manifestation*,[34] stating that he would not be presenting any witnesses.

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28 Docket – Vol. III, pp. 1229–1231.
29 *Id.* at 1234–1235, Resolution dated December 14, 2022.
30 *Id.* at 1257–1301, Resolution dated July 11, 2023.
31 *Id.* at 1303–1312.
32 *Id.* at 1318, Records Verification dated September 4, 2023 issued by the Judicial Records Division of this Court.
33 *Id.* at 1325–1330.
34 *Id.* at 1333–1335.

On March 5, 2024, respondent filed his *Memorandum*,[35] while petitioner's *Memorandum* was submitted on March 26, 2024.[36]

The present case was deemed submitted for decision on April 19, 2024.[37]

THE ISSUE

As stipulated by the parties, the issue for this Court's resolution is:

> Whether Petitioner is entitled to the refund or issuance of a Tax Credit Certificate in the amount of One Billion Four Hundred Ninety-Nine Million Four Hundred Nine Thousand Six Hundred Sixty Four Pesos (₱1,499,409,664.00), representing excise taxes paid during the period January 1, 2019 to December 31, 2019 on Petitioner's locally produced and imported Jet A-1 fuel, which were subsequently sold and delivered to various international carriers and to tax-exempt entities.[38]

Petitioner's arguments:

In its *Petition for Review* and *Memorandum*, petitioner asserts that both its administrative and judicial claims for refund or tax credit were timely filed; that the imported and locally produced tax-paid Jet A-1 fuel sold and delivered to various international carriers and tax-exempt entities are exempt from excise tax, and any excise tax paid on their removal was erroneously paid as: (i) the imported and locally manufactured Jet A-1 fuels were sourced from importations and local productions covering the period January 1, 2019 to December 31, 2019, (ii) petitioner paid the corresponding excise taxes on imported and locally produced Jet A-1 fuels from importations covering the said period, and (iii) the imported and locally produced Jet A-1 fuels of petitioner were sold and delivered to various air carriers of Philippine or foreign registry for the latter's use or consumption outside the Philippines and to tax-exempt entities; and that petitioner is entitled to a refund or credit in the amount of ₱1,499,409,664.00, representing excise taxes erroneously paid on petroleum.

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35 *Id.* at 1339–1347.
36 *Id.* at 1349–1393.
37 *Id.* at 1395, Notice of Resolution dated April 19, 2024.
38 Docket – Vol. I, pp. 271–272, JSFI, Statement of Issue; Docket – Vol. II, p.570, Pre-Trial Order, Stipulation of Issue.

***Respondent's counter-arguments*:**

In his *Answer* and *Memorandum*, respondent counters that petitioner is not entitled to a refund of the excise taxes allegedly paid from January 1, 2019 to December 31, 2019, on its sales and deliveries of Jet A-1 fuel to international carriers and tax-exempt entities in the amount ₱1,499,409,664.00; and that a claim for a refund of excise taxes is only authorized under Section 130(D) of the National Internal Revenue Code (NIRC) of 1997, as amended.

THE COURT'S RULING

The present *Petition for Review* is partly meritorious.

Governing provisions on refund claims.

Sections 204(C) and 229 of the NIRC of 1997, as amended, provide the legal basis for tax refunds:

> SEC. 204. *Authority of the Commissioner to Compromise, Abate and Refund or Credit Taxes.* — The Commissioner may —
>
> ... ...
>
> (C) Credit or refund taxes erroneously or illegally received or penalties imposed without authority, refund the value of internal revenue stamps when they are returned in good condition by the purchaser, and, in his discretion, redeem or change unused stamps that have been rendered unfit for use and refund their value upon proof of destruction. **No credit or refund of taxes or penalties shall be allowed unless the taxpayer files in writing with the Commissioner a claim for credit or refund within two (2) years after the payment of the tax or penalty**: *Provided, however,* that a return filed showing an overpayment shall be considered as a written claim for credit or refund. ... *(Emphasis supplied)*
>
> SEC. 229. *Recovery of Tax Erroneously or Illegally Collected.* — No suit or proceeding shall be maintained in any court for the recovery of any **national internal revenue tax hereafter alleged to have been erroneously or illegally assessed or collected, or of any penalty claimed to have been collected without authority, or of any sum alleged to have been excessively or in any manner wrongfully collected,** until a claim for refund or credit has been duly filed with the Commissioner; but such suit or proceeding may be

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> maintained, whether or not such tax, penalty, or sum has been paid under protest or duress.
>
> **In any case, no such suit or proceeding shall be filed after the expiration of two (2) years from the date of payment of the tax or penalty regardless of any supervening cause that may arise after payment**: *Provided, however*, That the Commissioner may, even without a written claim therefor, refund or credit any tax, where on the face of the return upon which payment was made, such payment appears clearly to have been erroneously paid. ... *(Emphasis supplied)*

The afore quoted provisions explicitly require that a claimant must first file an administrative claim with the BIR within two years from the date of payment of tax before pursuing a judicial claim. Both administrative and judicial claims must be filed within the two-year reglementary period, which is *mandatory* and *jurisdictional*. Thus, the Court cannot take cognizance of a judicial claim for a refund that is either premature or filed out of time.

It is worthy to stress that as for the judicial claim, tax law even explicitly provides that it be filed within two years from payment of the tax "regardless of any supervening cause that may arise after payment."[39]

Moreover, these provisions allow the recovery of taxes erroneously or illegally collected. An "erroneous or illegal tax" is defined as one levied without statutory authority, or upon property not subject to taxation, or by some officer having no authority to levy the tax, or one which is some other similar aspect is illegal.[40] In other words, what can be refunded or credited is a tax that is erroneously, illegally, excessively, or in any manner wrongfully collected. In short, there must be a wrongful payment because what is paid, or part of it, is not legally due.[41]

Thus, for the present refund claim to prosper, petitioner must not only establish the timely filing of its administrative and judicial claims but also substantiate that the excise tax paid was erroneous, illegal, or wrongfully collected.

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[39] *Commissioner of Internal Revenue v. San Miguel Corporation, et seq.*, G.R. Nos. 180740 & 180910, November 11, 2019 [Per J. Hernando, Second Division].

[40] *Commissioner of Internal Revenue v. Pilipinas Shell Petroleum Corporation*, G.R. No. 188497, April 25, 2012 [Per J. Villarama, Jr., J.] citing the definition provided in Black's Law Dictionary, 5th Edition, p. 486.

[41] *Commissioner of Internal Revenue v. San Roque Power Corporation, et seq.*, G.R. Nos. 187485, 196113 & 197156, February 12, 2013 [Per J. Carpio, *En Banc*]

Petitioner timely filed its administrative and judicial claims for refund.

a. Excise tax on importation of Jet A-1 fuel:

Under Section 131(A) of the NIRC of 1997, as amended, excise taxes on imported articles, in general, must be paid by the owner or importer upon importation and prior to removal thereof from the customshouse, to wit:

> SEC. 131. *Payment of Excise Taxes on Imported Articles.* —
>
> (A) *Persons Liable.* — **Excise taxes on imported articles shall be paid by the owner or importer to the Customs Officers, conformably with the regulations of the Department of Finance and before the release of such articles from the customshouse,** or by the person who is found in possession of articles which are exempt from excise taxes other than those legally entitled to exemption. *(Emphasis and underscoring supplied)*

In line with the foregoing, the two-year prescriptive period under Sections 204(C) and 229 of the NIRC of 1997, as amended, must be reckoned from the date of actual payment of the excise taxes.

In this case, 26 import shipments of Jet A-1 fuels were made during the calendar year (CY) 2019.[42] The earliest importation of Jet A-1 fuel occurred on March 4, 2019, and the corresponding taxes were paid on March 1, 2019,[43] as evidenced by the *Single Administrative Document* (SAD) with Customs Reference No. C-37,[44] the *Statement of Settlement of Duties and Taxes* (SSDT),[45] and the *Customs Payment Receipt,* all dated March 1, 2019.[46] From the said date, petitioner had until **March 1, 2021** to file its administrative and judicial claims for refund.

Considering that petitioner filed its administrative claim on **December 17, 2020**,[47] and its judicial claim on December 29, 2020,[48] petitioner timely filed both claims within two years

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[42] Docket – Vol. I, p. 321, Exhibit "P-77" (Q&A No. 22).
[43] *Id.* at 82–83, Exhibit "P-29" (Q&A No. 24).
[44] Exhibit "P-19-1", USB.
[45] Exhibit "P-44-26", USB.
[46] Exhibit "P-19-5", USB.
[47] Docket – Vol. II, pp. 781–789, Exhibits "P-7" to "P-8".
[48] Docket – Vol. I, pp. 6–43.

from the date of payment of the excise taxes in accordance with Sections 204(C) and 229 of the NIRC of 1997, as amended.

b. Excise tax on locally produced Jet A-1 fuel:

On the other hand, excise taxes on locally produced or manufactured petroleum products are generally paid by the manufacturer or producer before the removal of the domestic products from the place of production, pursuant to Section 130(A)(2) of the NIRC of 1997, as amended, to wit:

> SEC. 130. *Filing of Return and Payment of Excise Tax on Domestic Products.* —
>
> (A) *Persons Liable to File a Return, Filing of Return on Removal and Payment of Tax.* —
>
> ... ...
>
> (2) *Time for Filing of Return and Payment of the Tax.* — **Unless otherwise specifically allowed, the return shall be filed and the excise tax <u>paid by the manufacturer or producer before removal of domestic products from place of production</u>**: ... *(Emphasis and underscoring supplied)*

Thus, pursuant to Sections 204(C) and 229 of the NIRC of 1997, as amended, in relation to the above-quoted Section 130(A)(2), petitioner's administrative and judicial claims must be filed within two years from the earliest date of removal of the locally produced Jet A-1 fuel from the place of production.

Petitioner employs two modes of paying excise tax on each removal of locally manufactured Jet A-1 fuel from the Petron Bataan Refinery (PBR):

1. Through the BIR's Electronic Filing and Payment System (eFPS), as evidenced by Excise Tax Returns (BIR Form No. 2200-P) with an attached Summary of Removals;

2. Through the Product Replenishment Scheme.[49]

Records reveal that the earliest removal of petitioner's locally produced Jet-A1 fuel occurred on January 1, 2019, with the corresponding excise tax paid on the same date.[50] Thus,

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[49] Docket – Vol. III, p. 1370, petitioner's *Memorandum*, par. 64; Docket – Vol. I, pp. 83–84, Exhibit "P-29" (Q&A No. 25).

[50] Exhibit "P-6-1", USB; See also Annex 1.1, Supplemental ICPA Report (Exhibit "P-73").

petitioner had two years from January 1, 2019, or until **January 1, 2021**, to file both claims.

Considering that petitioner filed its administrative claim on **December 17, 2020**,[51] and its judicial claim on **December 29, 2020**,[52] both were timely filed within the two-year prescriptive period under Sections 204(C) and 229, in relation to Section 130(A)(2) of the NIRC of 1997.

Petitioner timely filed its administrative and judicial claims for a tax credit or refund of excise taxes paid on imported and locally produced or manufactured Jet A-1 fuel, in full compliance with the two-year prescriptive period under the NIRC of 1997, as amended.

Excise taxes paid on imported and locally manufactured or produced Jet A-1 fuel sold to international air carriers and tax-exempt entities are erroneously or illegally collected.

Respondent argues that under Section 129 of the NIRC of 1997, as amended, petitioner, as a manufacturer of petroleum products sold to international carriers of Philippine or foreign registry and tax-exempt entities, is liable for excise taxes due thereon. The only instance that petitioner may invoke a claim for refund is the erroneous payment of excise taxes. However, respondent maintains that the excise tax paid by petitioner was legally and validly collected, as it is liable to pay such tax.

Respondent further argues that here, petitioner sold fuel to international carriers and tax-exempt entities. Applying Section 135 of the NIRC of 1997, as amended, it should mean that the transaction of buying fuel is exempt from excise tax. As such, the buyer of the fuel is not liable to pay the excise tax due thereon or, in other words, the excise tax due on the said transaction cannot be included in the purchase price as the buyers are already exempt entities.

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[51] Docket – Vol. II, pp. 789–796, Exhibits "P-9" to "P-10".
[52] Docket – Vol. I, pp. 6–43.

Respondent also claims that Section 135, on its face, does not grant tax exemption to sellers but merely enumerates transactions where petroleum products, when sold to international carriers and tax-exempt entities, are exempt from excise tax. Petitioner was anchoring its claim for refund on Section 135. However, respondent contends that Section 135 cannot be a source for petitioner's claim for refund and cannot be invoked by the sellers like herein petitioner, but only by the buyers who are exempt entities. In the case at hand, the petroleum product sold is subject to excise tax, for it is a fact that the buyers, as enumerated in Section 135, are exempt entities. Thus, respondent asserts that petitioner cannot invoke the exemption granted to these exempt entities as a ground for claiming a refund of excise taxes paid.

Petitioner counters that this issue has already been settled by the Supreme Court in *Commissioner of Internal Revenue v. Pilipinas Shell Petroleum Corporation (2014 Pilipinas Shell),*[53] and in *Chevron Philippines, Inc. v. Commissioner of Internal Revenue (2015 Chevron).*[54] In these cases, the Supreme Court ruled that the local manufacturer/seller of petroleum products, as the statutory taxpayer, is entitled to a refund or credit of excise taxes paid on petroleum products sold to international carriers and tax-exempt entities.

The Court disagrees with respondent.

The present claim for refund is governed by Sections 129 and 135 of the NIRC of 1997, as amended, which provide:

> SEC. 129. *Goods Subject to Excise Taxes.* — **Excise taxes apply to goods manufactured or produced in the Philippines for domestic sale or consumption or for any other disposition and to things imported**. The excise tax imposed herein shall be in addition to the value-added tax imposed under Title IV. ... *(Emphasis supplied)*
>
> SEC. 135. *Petroleum Products Sold to International Carriers and Exempt Entities or Agencies.* — **<u>Petroleum products</u> sold to the following are exempt from excise tax**:
>
> (a) **International carriers of Philippine or foreign registry on their use or consumption outside the Philippines**: *Provided,* That the petroleum products sold to these international carriers shall be stored in a bonded storage tank and may be disposed of only in accordance with

[53] G.R. No. 188497, February 19, 2014 [Per J. Villarama, Jr., J., First Division].
[54] G.R. No. 210836, September 1, 2015 [Per J. Bersamin, *En Banc*].

the rules and regulations to be prescribed by the Secretary of Finance, upon recommendation of the Commissioner;

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

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

A plain reading of the foregoing provision reveals that the words *"petroleum products"* were never qualified. The law does not distinguish whether the petroleum products sold were locally manufactured or imported. Thus, the exemption under Section 135 applies regardless of the origin of the Jet A-1 fuel, provided the conditions for exemption are complied with by the claimant. Where the law does not distinguish, courts should not distinguish.[55]

Indeed, in the *2014 Pilipinas Shell* case, the Supreme Court categorically declared that the local manufacturer/seller, as the statutory taxpayer, who paid the excise taxes on petroleum products sold to international carriers, is entitled to a refund or credit of excise taxes paid pursuant to Section 135 of the NIRC, as amended, to wit:

> We therefore hold that **respondent, as the statutory taxpayer who is directly liable to pay the excise tax on its petroleum products, is entitled to a refund or credit of the excise taxes it paid for petroleum products sold to international carriers, the latter having been granted exemption from the payment of said excise tax under Sec. 135 (a) of the NIRC**. *(Emphasis supplied)*

Similarly, in the *2015 Chevron* case, the Supreme Court clarified that excise tax is a tax on property, meaning that the exemption under Section 135 applies to the petroleum product itself. Thus, any excise tax paid on exempt petroleum products is erroneously or illegally collected and should be refunded under Section 204 of the NIRC:

> Excise tax on petroleum products is essentially a tax on property, the direct liability for which pertains to the statutory taxpayer (*i.e.*, manufacturer, producer or importer). **Any**

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[55] *Manila International Airport Authority v. Court of Appeals, et al.*, G.R. No. 155650, July 20, 2006 [Per J. Carpio, *En Banc*].

> **excise tax paid by the statutory taxpayer on petroleum products sold to any of the entities or agencies named in Section 135 of the *National Internal Revenue Code* (NIRC) exempt from excise tax is deemed illegal or erroneous; and should be credited or refunded to the payor pursuant to Section 204 of the NIRC. This is because the exemption granted under Section 135 of the NIRC must be construed in favor of the property itself, that is, the petroleum products**. *(Emphasis supplied)*

Although the exemption in *2015 Chevron* case was premised on Section 135(c), while the *2014 Pilipinas Shell* case relied on Section 135(a), the Supreme Court ruled in the *2015 Chevron* case that "[n]otwithstanding that the claims for refund or credit of excise taxes were premised on different subsections of Section 135 of the NIRC, the basic tax principle applicable was the same in both cases – that excise tax is a tax on property; hence, the exemption from the excise tax expressly granted under Section 135 of the NIRC must be construed in favor of the petroleum products on which the excise tax was initially imposed."

Furthermore, in the *2014 Pilipinas Shell* case, the Supreme Court held that "exemption from payment of excise tax is conferred on international carriers who purchased the petroleum products of respondent." In contrast, the Supreme Court held in the *2015 Chevron* case that "Section 135 (c) should thus be construed as an exemption in favor of the petroleum products on which the excise tax was levied in the first place."

The Supreme Court reinforced this principle in the more recent case of *Pilipinas Shell Petroleum Corporation v. Commissioner of Internal Revenue (2021 Pilipinas Shell)*,[56] where it clarified that Section 135 confers an impersonal tax exemption, meaning it applies to the tax liability itself, not just to a specific taxpayer. This ruling effectively refutes respondent's claim that only buyers can invoke the exemption under Section 135. Instead, the tax exemption must benefit the statutory taxpayer liable for the excise tax—i.e., the importer or manufacturer of the fuel sold to international carriers and tax-exempt entities:

[56] G.R. No. 211303, June 15, 2021 [Per J. Perlas-Bernabe, *En Banc*].

II

By its nature, an excise tax under the Philippine taxation system pertains to the tax levied on certain goods, whether at a specific rate or *ad valorem*. As case law characterizes, **an excise tax is not a tax on the exercise of a privilege, but rather a levy on certain articles which are manufactured or imported for domestic consumption. It is equally settled that the accrual or liability to pay the same arises immediately upon importation or as soon as the goods come into existence when manufactured.**

Furthermore, excise taxes are **indirect taxes, as opposed to direct taxes**. Pertinently, these types of taxes relate to the statutory taxpayer who is obligated to pay taxes to the government. In this relation, one must understand the concepts of **tax incidence** (or the actual liability to pay the tax) and **tax burden** (the economic burden of the tax incident).

On the one hand, **direct taxes** are 'those that are exacted from the very person who, it is intended or desired, should pay them; they are impositions for which a taxpayer is directly liable on the transaction or business he is engaged in,' which means, the tax incidence and tax burden fall upon the same person.

On the other, **indirect taxes** are 'those that are demanded, in the first instance, from, or are paid by, one person in the expectation and intention that he can shift the burden to someone else. Stated elsewise, indirect taxes are taxes wherein the liability for the payment of the tax falls on one person but the burden thereof can be shifted or passed on to another person, such as when the tax is imposed upon goods before reaching the consumer who ultimately pays for it. **When the seller passes on the tax to his buyer, he, in effect, shifts the tax burden, not the liability to pay it, to the purchaser as part of the price of goods sold or services rendered**.' As jurisprudence explains, 'this **shifting process**, otherwise known as '**passing on**,' is largely a **contractual affair** between the parties. Meaning, even if the purchaser effectively pays the value of the tax, the **manufacturer [or] producer** (in case of goods manufactured or produced in the Philippines for domestic sales or consumption or for any other disposition) or the **owner or importer** (in case of imported goods) [is] **still regarded as the statutory [taxpayer] under the law**. To this end, **the purchaser does not really pay the tax; rather, he only pays the seller more for the goods because of the latter's obligation to the government as the statutory taxpayer**.'

Thus, when it comes to indirect taxes, the statutory taxpayer remains to be the manufacturer or importer of the articles. **Despite being able to pass the burden of the tax to the buyer as an inherent component of the total price of the article, the onus to actually pay the excise tax and to remit the returns incidental thereto remains with the statutory taxpayer, who must correspondingly benefit from any tax exemption**. In effect, upon the sale of the goods, the portion of the price corresponding to the excise tax originally paid by the manufacturer or importer is not *per se* the excise tax liability imposed under Section 129 of the Tax Code. The price passed on, and assumed by the buyer of the goods, is therefore no different from any other component cost in arriving at the price of the article sold, such as raw material cost or distributed overhead expenses. In a similar situation, the Court held that '**[e]ven if the consumers or purchasers ultimately pay for the tax, they are not considered the taxpayers**. The fact that [statutory taxpayer/importer], on whom the excise tax is imposed, can shift the tax burden to its purchasers does not make the latter the taxpayers and the former the withholding agent. [The purchaser/end-consumer] ultimately bears the tax burden, but this does not transform [its] status into a statutory taxpayer.' **This distinction between statutory taxpayer and the purchaser who assumes the tax burden when the costs of the taxes are passed on to it as part of the purchase price is material to understand the 'exemption' granted under Section 135 governing excise taxes.**

III.

At its core, the purpose of a grant of tax exemption is 'some public benefit or interest, which the law-making body considers sufficient to offset the monetary loss entailed in the grant of the exemption.' However, the **object of the grant of tax exemption** is not necessarily a natural person similar to how 'the objects of taxation are either persons, property[,] and property rights within the jurisdiction of the taxing authority.' As such, generally speaking, the object of tax exemptions may either be **personal or impersonal**. Personal exemptions conceptually pertain to those 'granted directly in favor of such persons as are within the contemplation of the law granting the exemption.' On the other hand, an impersonal exemption may be said to exist when a tax exemption is 'granted directly in favor of a certain class of property.' If the tax exemption is impersonal in nature, then, regardless of who transacts with the property, the exemption should still apply. This framework of personal and impersonal tax exemptions underpins the exemption granted under Section 135 on excisable articles.

Notably, the Court, in the 2014 Pilipinas Shell Resolution, stated that the 'exemption from payment of excise tax' under Section 135 is 'conferred on international carriers who purchased the petroleum products of respondent'; thus, in said case, the tax exemption under Section 135 covering said products was characterized as a grant of a personal tax exemption.

However, in the subsequent case of 2015 Chevron, the Court effectively abandoned the foregoing characterization, and instead, correctly categorized that the tax exemption under Section 135 is '**in favor of the petroleum products on which the excise tax was levied in the first place**.' As such, the Court, in 2015 Chevron, validated the nature of Section 135 as a provision conferring an impersonal tax exemption, which, in fact, cogently squares with the nature of excise taxes being a tax on property, rather than a tax on persons.

Being an impersonal tax exemption, Section 135 cannot be therefore interpreted as an exemption primarily conferred to the buyers because 'they are not under any legal duty to pay the excise tax.' To reiterate, upon the buyers' purchase of the articles, the 'excise tax' they pay, if any, is, in reality, a mere passed-on cost that forms part of the purchase price. Hence, while purchasers bear the economic burden, they do not, by the mere fact of assuming the passed-on costs, become legally regarded as statutory taxpayers. In this regard, Associate Justice Henri Jean Paul B. Inting aptly observed that 'a tax immunity would lose its meaning if we insist that it is available only to a person who, in the first place, has no obligation to pay the tax due on the subject article/transaction. It can only be enjoyed in its truest sense by the person who is liable for the tax and wishes to be immune from therefrom.'

The impersonal nature of the tax exemption is also expressed in the wording itself of Section 135:

... ...

As worded, the object of Section 135 itself is not the enumerated persons but rather, the '**petroleum products sold**.' Palpably, **based on Section 135's phraseology, the enumerated persons are merely descriptive of the petroleum products, *i.e.*, the persons to which the products are sold to. As such, the wording of Section 135 hews more closely with the character of impersonal tax exemptions, which is, in turn, consistent with the nature of excise taxes as taxes not on persons but on the goods/articles**. As equally observed by Associate Justice Alfredo Benjamin S. Caguioa, '[t]he succeeding paragraphs (a), (b), and (c) do not confer nor refer to the tax exemption. **Paragraphs (a), (b)[,] and (c) simply enumerate**

and describe the entities to whom petroleum products must be sold to make the excise tax exemption operative.'

IV.

At this juncture, it is likewise relevant to mention that since an excise tax is in the nature of a property tax, it is thus erroneous to consider the operation of a tax exemption thereto in the same way as a transactional tax, wherein every purchaser and seller may be considered as a statutory taxpayer for every succeeding transaction, only ending with the final consumer. **Rather, the exemption under Section 135 must be reconciled with the idea that liability for the tax attaches to the articles as soon as they come into existence or immediately upon importation.**

The Court, in the 2015 Chevron, had already settled that the true status of the goods, whether ultimately taxable or tax-exempt, is **actually conditional** or **subject to confirmation** upon the sale of the articles to any of the entities enumerated under Section 135. This conditional taxability can actually be seen in another related provision in the Tax Code, *i.e.*, Section 131 thereof:

> Section 131. *Payment of Excise Taxes on Imported Articles.* —
>
> (A) *Persons Liable.* — Excise taxes on imported articles shall be paid by the owner or importer to the Customs Officers, conformably with the regulations of the Department of Finance and before the release of such articles from the customs house, or by the person who is found in possession of articles which are exempt from excise taxes other than those legally entitled to exemption.
>
> **In the case of tax-free articles brought or imported into the Philippines by persons, entities, or agencies exempt from tax which are <u>subsequently sold, transferred or exchanged in the Philippines to non-exempt persons or entities</u>, the purchasers or recipients shall be considered the importers thereof, and <u>shall be liable for the duty and internal revenue tax due on such importation.</u>**
>
> xxx xxx xxx (Emphasis and underscoring supplied)

As may be gleaned from Section 131 as above-cited, although certain articles may be free from excise taxes upon importation, they may subsequently become subject to the same depending on the subsequent buyer. This is essentially the same principle of **subsequent confirmation** espoused by the 2015 Chevron, and is also a necessary consequence of excise tax being a property tax, and not a tax on persons.

Considering that the status of the petroleum products as tax-exempt solidifies upon the sale to any of the entities enumerated under Section 135, any excise taxes which were previously paid thereon would then be considered as 'erroneously or illegally collected,' and therefore, subject to refund. In turn, the petroleum products become exempt from excise taxes once it is determined that they are to be sold to, among others, international carriers. This reflects Section 135's wording, *i.e.*, that the petroleum products are considered as tax-exempt once they are 'sold to [*inter alia*] x x x [i]nternational carriers.'

Based on *(a)* the nature of excise taxes as a property tax and an indirect tax, and *(b)* the principle that a buyer, when shouldering the tax burden, does not become the statutory taxpayer, **it is thus clear that the purchaser of local products (such as international carriers) cannot be deemed to have been conferred a tax exemption when it has not been imposed a tax liability**. In the ordinary course of things, international carriers do not manufacture or import petroleum products and hence, are not statutory taxpayers to which the exemption under Section 135 could pertain. **<u>If anything, international carriers merely bear the tax burden when the costs therefor are passed on to them by the actual manufacturers or importers</u>**. However, as earlier discussed, the 'passing on' of the tax burden is largely a contractual affair between the parties and should not determine the tax incidence imposed by law unless the contrary is provided. **As such, the tax exemption under Section 135 must correspondingly benefit the one who actually bears the liability to pay the same (*i.e.*, the importers/manufacturers of petroleum products sold to international carriers, among others), and not the one who simply bears the economic burden thereof (*i.e.*, the purchasers of the products, such as international carriers).** *(Emphasis on the original; Citations omitted)*

Correspondingly, in *Commissioner of Internal Revenue v. Petron Corporation*,[57] the Court of Tax Appeals (CTA) *En Banc* ruled that petroleum manufacturers and importers are entitled to excise tax exemptions on fuel sold to international carriers and tax-exempt entities, citing the *2021 Pilipinas Shell* case. The CTA *En Banc* emphasized that the status of the petroleum product as tax-exempt solidifies upon its sale to an exempt buyer, making any excise tax previously paid erroneous or

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[57] CTA *EB* Case No. 2828 (CTA Case Nos. 9738 & 9741), February 28, 2025 [Per J. Reyes-Fajardo, *En Banc*].

illegally collected and thus refundable under Sections 204(C) and 229 of the NIRC, as amended, *viz.*:

> At first instance, petroleum manufacturers/importers are liable to pay excise taxes when they take out the fuel from their refineries or from the customs house, as the case may be. However, this liability is qualified by Section 135 of the Tax Code, such that the tax-paid petroleum products become exempt from excise taxes when established that these are sold subsequently to any one of the following: (1) international carriers of Philippine or foreign registry on their use or consumption outside the Philippines *(international carriers)*; (2) exempt entities or agencies covered by tax treaties, conventions and other international agreements for their use or consumption *(tax-exempt entities by treaty)*; or (3) entities which are by law exempt from direct and indirect taxes *(tax-exempt entities by law).*
>
> When it is shown that the tax-paid petroleum products have become tax-exempt within the context of Section 135 of the Tax Code, the excise taxes which were previously paid thereon shall then be regarded as "erroneously or illegally collected," and, thus, subject to refund pursuant to Section 229 of the Tax Code.
>
> In these lights, a claim of refund or credit based on Sections 229 and 135 of the Tax Code shall be granted only upon proof of the following: *First*, the **excise taxes sought to be refunded were paid** upon removal/release of the petroleum products from the refinery or customs house, as the case may be (First Requisite). *Second*, the petroleum products have become **tax-exempt**, *e.g.*, these have been sold subsequently to any of the above-enumerated groups (Second Requisite).
>
> . . . .
>
> As a recap, Petron Corporation has demonstrated its entitlement to the excise tax exemption under Section 135 of the Tax Code. The benefit under Section 135 *retroacts* to the moment the excise tax liability attached to the articles/goods and *erases* the tax effect thereon. "Considering that the status of the petroleum products as tax-exempt solidifies upon the sale to any of the entities enumerated under Section 135, **any excise taxes which were previously paid thereon would then be considered as 'erroneously or illegally collected,' and therefore, subject to refund**." *(Emphasis on the original; Citations omitted)*

Applying the foregoing principles, petitioner's sale of imported and locally manufactured Jet A-1 fuel to various international air carriers and tax-exempt entities rendered the excise taxes it previously paid on the said imported and locally manufactured Jet A-1 fuel erroneously or illegally collected. As such, these taxes are a proper subject of a claim for tax credit or refund under Sections 204(C) and 229 of the NIRC of 1997, as amended.

<u>First Requisite:</u> Petitioner has established that the excise taxes due on the imported and locally produced Jet A-1 fuel subject of the present claim were duly paid, but only to the extent of ₱1,114,513,804.00.

In its *Petition for Review*, petitioner claims that it operates the PBR, where crude oil is processed into a full range of petroleum products, including Jet A-1 fuel.[58] Petitioner resorts to importing finished Jet A-1 fuel in certain instances, such as when the projected local production of Jet A-1 fuel is insufficient to meet the projected demand.[59]

Petitioner allegedly paid the excise taxes on locally produced Jet A-1 fuel before their removal from the PBR. These fuels were then withdrawn from the PBR and delivered either to customers or to various depots for eventual sale and delivery to customers, including international carriers and tax-exempt entities.[60] Likewise, petitioner claims to have paid excise taxes on imported Jet A-1 fuel upon importation and before their removal or release from the custody of the Bureau of Customs (BOC) at Port Limay, Bataan. After importation, the imported Jet A-1 fuel was stored at the PBR, after which it will be withdrawn and delivered to petitioner's customers or petitioner's various depots for eventual sale and delivery to various customers, including international carriers and tax-exempt entities.[61]

Petitioner further avers that the sales of petroleum products to international carriers and tax-exempt entities are exempt from excise taxes under Section 135 of the NIRC of 1997, as amended. Thus, the excise taxes it paid from January

[58] Docket – Vol. I, p. 8, *Petition for Review*, par. 7.
[59] *Id.*
[60] *Id.* at 8, *Petition for Review*, pars. 8–9.
[61] *Id.* at 8–9, *Petition for Review*, pars. 10–11.

1, 2019, to December 31, 2019, on both locally produced and imported Jet A-1 fuel were allegedly erroneous or illegal.[62]

Of the total excise taxes paid for Jet A-1 fuel, 374,852,416 liters were allegedly sold to various international carriers and tax-exempt entities. Thus, petitioner claims a refund of its alleged erroneously paid excise tax in the aggregate amount of ₱1,499,409,664.00,[63] broken down as follows:

Jet A-1 Fuel	Volume (in Liters)	Excise Tax
Locally produced	2,801,672	₱ 11,206,688.00
Imported	372,050,744	1,488,202,976.00
Total	**374,852,416**	**₱1,499,409,664.00**

For a refund claim to prosper, the claimant must provide proof of payment of the subject taxes because even if the tax collection is deemed illegal or erroneous, a refund cannot be granted for amounts that were not actually paid or remitted to the government.

a. Excise tax on imported Jet A-1 fuel:

In his Judicial Affidavit, Mr. Manzano, petitioner's Commercial Services Manager, explained the importation process for Jet A-1 fuel.[64] He stated that before a vessel's arrival, petitioner files with the BOC a SAD and a copy of the Loadport Survey Report and then pays the applicable taxes and duties under tentative liquidation. Mr. Manzano noted that the payment under tentative liquidation and the SAD is based on the *Bill of Lading* (BL) figures and the estimated price of the commodity at the time of payment.

Further, the petroleum product prices are based on formula pricing such as five (5) days, ten (10) days, or a full month average of the BL date.

At the point of payment under tentative liquidation, the imported tax-paid Jet A-1 fuel is released from BOC's custody and delivered to the PBR for storage. Petitioner hires an independent surveyor who measures the volume of imported tax-paid Jet A-1 fuel upon arrival at the port and storage at the refinery. After determining the final price and receiving the

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62 *Id.* at 10, *Petition for Review*, pars. 17–18.
63 *Id.* at 9, *Petition for Review*, pars. 14–15.
64 *Id.* at 49–50, Exhibit "P-31" (Q&A No. 9).

commercial invoice, petitioner files the application for an *Authority to Release Imported Goods* (ATRIG) and submits the BL, the commercial invoice, and the Certificate of Independent Survey (CIS) or a Surveyor's Report to the BOC for final assessment.

Further, the excise tax due is computed based on the higher volume indicated in either the BL/SAD or the CIS (shore receipts). If shore receipts exceed the BL/SAD volume, petitioner pays additional taxes or duties through the BOC's e2M system.

In the present case, Ms. Viray, petitioner's Accounting Services Manager, confirmed that the PBR received a total volume of 448,928,059 liters of imported Jet A-1 fuel from January 1, 2019 to December 31, 2019,[65] for which petitioner paid excise taxes amounting to ₱1,798,455,948.00.[66]

The importations of Jet A-1 fuel are supported by various importation documents, which were reviewed by Ms. Constantino, the Court-commissioned ICPA, to wit:

a. SAD;[67]
b. Invoices issued by Petron Singapore Trading Pte. Ltd.;[68]
c. SSDT;[69]
d. BL;[70]
e. BOC *Certifications*;[71]
f. CIS or Surveyor's Report;[72]
g. ATRIG;[73]
h. Official Receipts issued by BOC;[74] and

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65 *Id.* at 212, Exhibit "P-30" (Q&A No. 16).

66 ICPA Report (Exhibit "P-37"), Annex 7.

67 Exhibits "P-19-1", "P-19-10", "P-19-19", "P-19-28", "P-19-37", "P-19-46", "P-19-55", "P-19-64", "P-19-73", "P-19-82", "P-19-91", "P-19-100", "P-19-108", "P-19-117", "P-19-126", "P-19-135", "P-45", "P-19-144", "P-19-153", "P-19-162", "P-19-171", "P-19-180", "P-19-189", "P-19-198", "P-19-206", and "P-19-214", USB.

68 Exhibits "P-19-2", "P-19-11", "P-19-20", "P-19-30", "P-19-38", "P-19-47", "P-19-56", "P-19-65", "P-19-74", "P-19-83", "P-19-92", "P-19-101", "P-19-109", "P-19-118", "P-19-127", "P-19-136", "P-19-145", "P-19-154", "P-19-163", "P-19-172", "P-19-181", "P-19-190", "P-19-199", "P-19-207", and "P-19-215".

69 Exhibits "P-44" to "P-44-35".

70 Exhibits "P-19-3", "P-19-12", "P-19-21", "P-19-30", "P-19-39", "P-19-48", "P-19-57", "P-19-66", "P-19-75", "P-19-84", "P-19-93", "P-19-102", "P-19-110", "P-19-119", "P-19-128", "P-19-137", "P-47", "P-19-146", "P-19-155", "P-19-164", "P-19-173", "P-19-182", "P-19-191", "P-19-200", "P-19-208", "P-19-216".

71 Exhibits "P-19-4", "P-19-13", "P-19-22", "P-19-31", "P-19-40", "P-19-49", "P-19-58", "P-19-67", "P-19-76", "P-19-85", "P-19-48-1", "P-19-103", "P-19-111", "P-19-120", "P-19-129", "P-19-138", "P-19-48", "P-19-147", "P-19-156", "P-19-165", "P-19-175", "P-19-183", "P-19-192", "P-19-201", "P-19-209", and "P-19-217".

72 Exhibits "P-19-8", "P-19-17", "P-19-26", "P-19-35", "P-19-44", "P-19-53", "P-19-62", "P-19-71", "P-19-80", "P-19-89", "P-19-98", "P-52-1", "P-19-116", "P-19-124", "P-19-133", "P-19-142", "P-52", "P-19-151", "P-19-160", "P-19-169", "P-19-178", "P-19-188", "P-19-196", "P-19-204", "P-19-212", and "P-19-221".

73 Exhibits "P-19-9", "P-19-18", "P-19-27", "P-19-36", "P-19-45", "P-19-54", "P-19-63", "P-19-72", "P-19-81", "P-19-90", "P-19-99", "P-19-107", "P-19-115", "P-19-125", "P-19-134", "P-19-143", "P-53", "P-19-152", "P-19-161", "P-19-170", "P-19-179", "P-19-187", "P-19-197", "P-19-205", "P-19-213", and "P-19-222".

74 Exhibits "P-19-7", "P-19-16", "P-19-25", "P-19-34", "P-19-43", "P-19-52", "P-19-61", "P-19-70", "P-19-79", "P-19-88", "P-19-114", "P-19-123", "P-19-132", "P-19-141", "P-19-150", "P-19-159", "P-19-168", "P-19-174", "P-19-185", "P-19-195", "P-19-220", "P-51", "P-51-1" and "P-51-2".

i. *Customs Payment Receipts.*[75]

The importation of 448,928,059 liters of Jet A-1 fuel for CY 2019 is summarized as follows:

Annexed to ICPA Report (Exhibit "P-37")	SAD			CIS		Excise Tax Due (Higher vol. bet. SAD and CIS multiplied by ₱4.00 excise tax rate) [A]	ATRIG			Additional Excise Tax Paid [A-B][76]
	Exhibit No.	Date	Volume in Liters[77]	Exhibit No.	Volume in Liters[78]		Exhibit No.	Date	Amount of Excise Tax Paid under Tentative Liquidation (Vol. per SAD multiplied by ₱4.00 excise tax rate) [B]	
7.1	P-19-1	03/01/2019	16,584,966	P-19-8	16,738,543	₱66,954,172.00	P-19-9	03/13/2019	₱66,339,864.00	₱614,308.00
7.2	P-19-10	04/02/2019	16,168,800	P-19-17	16,185,361	64,741,444.00	P-19-18	04/16/2019	64,675,200.00	66,244.00
7.3	P-19-19	04/26/2019	18,492,645	P-19-26	18,525,785	74,103,140.00	P-19-27	05/14/2019	73,970,580.00	132,560.00
7.4	P-19-28	04/30/2019	18,565,018	P-19-35	18,521,999	74,260,072.00	P-19-36	06/14/2019	74,260,072.00	
7.5	P-19-37	05/05/2019	15,305,457	P-19-44	15,315,447	61,261,788.00	P-19-18	04/16/2019	61,221,828.00	39,960.00
7.6	P-19-46	05/07/2019	16,267,690	P-19-53	16,243,119	65,070,760.00	P-19-27	05/14/2019	65,070,760.00	
7.7	P-19-55	05/14/2019	16,938,561	P-19-62	17,001,472	68,005,888.00	P-19-36	06/14/2019	67,754,244.00	251,644.00
7.8	P-19-64	05/19/2019	18,010,892	P-19-71	18,033,301	72,133,204.00	P-19-72	06/11/2019	72,043,568.00	89,636.00
7.9	P-19-73	05/23/2019	18,579,321	P-19-80	18,530,520	74,317,284.00	P-19-81	06/20/2019	74,317,284.00	
7.10	P-19-82	05/29/2019	18,545,840	P-19-89	18,532,392	74,183,360.00	P-19-90	06/26/2019	74,183,360.00	
7.11	P-19-91	05/31/2019	15,325,371	P-19-98	15,337,962	61,351,848.00	P-19-99	06/26/2019	61,301,484.00	50,364.00
7.12	P-19-100	06/06/2019	17,739,169	P-52-1	17,714,385	70,956,676.00	P-19-107	06/26/2019	70,956,676.00	
7.13	P-19-108	06/13/2019	18,131,611	P-19-116	18,126,231	72,526,444.00	P-19-115	06/26/2019	72,526,444.00	
7.14	P-19-117	06/18/2019	18,369,345	P-19-124	18,366,722	73,477,380.00	P-19-125	07/01/2019	73,477,380.00	
7.15	P-19-126	06/21/2019	17,943,080	P-19-133	17,893,817	71,772,320.00	P-19-134	06/28/2019	71,772,320.00	
7.16	P-19-135	06/27/2019	16,151,920	P-19-142	16,255,196	65,020,784.00	P-19-143	07/05/2019	64,607,680.00	413,104.00
7.17	P-45	07/01/2019	15,895,281	P-52	15,794,177	63,581,124.00	P-53	07/08/2019	63,581,124.00	
7.18	P-19-144	07/10/2019	18,463,918	P-19-151	18,435,389	73,855,672.00	P-19-152	07/19/2019	73,855,672.00	
7.19	P-19-153	07/15/2019	17,730,149	P-19-160	17,775,400	71,101,600.00	P-19-161	07/23/2019	70,920,596.00	181,004.00
7.20	P-19-162	07/19/2019	15,968,900	P-19-169	15,903,131	63,875,600.00	P-19-170	07/26/2019	63,875,600.00	
7.21	P-19-171	07/30/2019	17,110,789	P-19-178	17,078,643	68,443,156.00	P-19-179	08/01/2019	68,443,156.00	
7.22	P-19-180	08/06/2019	18,453,268	P-19-188	18,401,442	73,813,072.00	P-19-187	08/13/2019	73,813,072.00	
7.23	P-19-189	08/14/2019	17,792,966	P-19-196	17,751,584	71,171,864.00	P-19-197	08/20/2019	71,171,864.00	
7.24	P-19-198	08/28/2019	18,321,975	P-19-204	18,258,949	73,287,900.00	P-19-205	09/05/2019	73,287,900.00	
7.25	P-19-206	12/04/2019	17,694,249	P-19-212	17,683,392	70,776,996.00	P-19-213	12/11/2019	70,776,996.00	

75 Exhibits "P-19-5", "P-19-6", "P-19-14", "P-19-15", "P-19-23", "P-19-24", "P-19-32", "P-19-33", "P-19-41", "P-19-42", "P-19-50", "P-19-51", "P-19-59", "P-19-60", "P-19-68", "P-19-69", "P-19-77", "P-19-78", "P-19-86", "P-19-87", "P-19-104", "P-19-105", "P-19-112", "P-19-113", "P-19-121", "P-19-122", "P-19-130", "P-19-131", "P-19-139", "P-19-140", "P-19-148", "P-19-149", "P-19-157", "P-19-158", "P-19-166", "P-19-167", "P-19-176", "P-19-177", "P-19-184", "P-19-186", "P-19-193", "P-19-194", "P-19-202", "P-19-203", "P-19-211", "P-19-218", "P-19-219", "P-49", "P-49-1", "P-50", and "P-50-1".

76 Refer to ICPA Report (Exhibit "P-37"), Annex 8.

77 Kiloliter @ air per SAD was converted to Liters using the conversion rate of 1 kiloliter @ air = 1,000 liters.

78 Kiloliter @ air per CIS was converted to Liters using the conversion rate of 1 kiloliter @ air = 1,000 liters.

7.26	**P-19-214**	12/20/2019	14,603,100	**P-19-221**	14,523,700	58,412,400.00	**P-19-222**	12/23/2019	58,412,400.00	
TOTAL			**449,154,281**		**448,928,059**	**₱1,798,455,948.00**			**₱1,796,617,124.00**	**₱1,838,824.00**

As shown in the table above, the final volume of 448,928,059 liters per CIS, is recognized as the actual and final volume of imported Jet A-1 fuel. The BOC uses this volume as the basis for its final tax assessments.

As a result, there is a discrepancy of ₱1,838,824.00 between the ₱1,798,455,948.00 excise tax paid (calculated based on the higher volume per liter recorded in the SAD/BL and the CIS) and the ₱1,796,617,124.00 excise tax initially paid under tentative liquidation. This difference represents an additional excise tax payment made by petitioner, as evidenced by Official Receipts issued by the BOC,[79] and summarized in *Annex 8* of the ICPA *Report.*[80]

On the other hand, petitioner absorbed a loss due to the overpayment of taxes amounting to ₱2,743,712.00.[81] However, as noted by the ICPA, the overpayment assumed by petitioner does not affect the present claim for refund.[82]

Thus, the excise taxes on the importation of 448,928,059 liters of Jet A-1 fuel were duly paid before their release from the BOC.

However, of the total 372,050,744 liters of imported Jet A-1 fuel allegedly sold to international carriers and tax-exempt entities, corresponding to an excise tax amount of ₱1,488,202,976.00, the ICPA disallowed 94,467,091 liters, with a corresponding excise tax of ₱377,868,364.00. The disallowance was due to the ICPA's inability to trace excise tax payments resulting from pending multiple-entry resolutions at the time of verification and the unavailability of original documents, as follows:

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79 Exhibits "P-19-7", "P-19-16", "P-19-25", "P-19-43", "P-19-61", "P-19-70", "P-51-1", "P-19-141", and "P-19-159", USB.

80 Exhibit "P-37".

81 Refer to Table 17, ICPA Report (Exhibit "P-37"); ₱1,795,712,236.00 (computed by multiplying 448,928,059 liters per CIS by ₱4.00 excise tax rate) less ₱1,798,455,948.00 (as shown in the table above).

82 ICPA Report (Exhibit "P-37"), p. 31.

Imported Jet A-1 Fuel					
		EXCEPTIONS NOTED BY THE ICPA (vol. in liters)			
LOCATION	**TOTAL CLAIM (vol. in liters) Exhibit "P-41"**	**ADRs wherein excise tax payments were not yet traced due to pending resolutions of petitioner for the multiple entries needed for tracing at the time of verification**	**ADRS wherein excise tax payments were not yet traced due to unavailability of original documents (*i.e.*, ADRs, Liquidation Statement, COCs, CICs, and WCs)**	**TOTAL EXCEPTIONS NOTED BY THE ICPA**	**Excise Tax at ₱4.00**
JOCASP	292,198,383	75,838,760[83]	6,402,665[84]	82,241,425	₱328,965,700.00
MACTAN	39,654,760	6,816,927[85]	1,081,229[86]	7,898,156	31,592,624.00
ILOILO	712,254	-	86,305[87]	86,305	345,220.00
KALIBO	28,611,355	-	2,909,488[88]	2,909,488	11,637,952.00
DAVAO	2,746,029	398,978[89]	-	398,978	1,595,912.00
TAGBILARAN	189,117	-	79,341[90]	79,341	317,364.00
DMIA	5,355,828	-	277,679[91]	277,679	1,110,716.00
PALAWAN	2,023,018	-	575,719[92]	575,719	2,302,876.00
PETRON BATAAN REFINERY	560,000	-	-	-	-
Total	**372,050,744**	**83,054,665**	**11,412,426**	**94,467,091**	**₱377,868,364.00**

The disallowances listed in Annexes 16.1-B, 16.1-C, 16.2-B, and 16.2-C of the ICPA *Report* (Exhibit "P-37") were applied, as the disallowances in the *Supplemental ICPA Report* (Exhibit "P-73") could not be ascertained.

In sum, only the amount of ₱1,110,334,612.00 representing petitioner's excise taxes on the 277,583,653 liters of imported Jet A-1 fuel, as traced by the ICPA, will be considered in the present claim for refund. The computation of the said amount is as follows:

83 ICPA Report (Exhibit "P-37"), Annex 16.1-B.
84 ICPA Report (Exhibit "P-37"), Annex 16.1-C.
85 ICPA Report (Exhibit "P-37"), Annex 16.2-B.
86 ICPA Report (Exhibit "P-37"), Annex 16.2-C.
87 Supplemental ICPA Report (Exhibit "P-73"), Annex 16.3-D.
88 Supplemental ICPA Report (Exhibit "P-73"), Annex 16.4-E.
89 Supplemental ICPA Report (Exhibit "P-73"), Annex 16.5-B.
90 Supplemental ICPA Report (Exhibit "P-73"), Annex 16.6-C.
91 Supplemental ICPA Report (Exhibit "P-73"), Annex 16.7-C.
92 Supplemental ICPA Report (Exhibit "P-73"), Annex 16.8-C.

PARTICULARS	**IMPORTED**	
	Volume in Liters	**Excise Tax at ₱4.00**
Total Claim for Refund	372,050,744	₱1,488,202,976.00
Less: Excise Tax Payments not verified by the ICPA	94,467,091	377,868,364.00
Total Excise Tax Payment Traced/Verified by the ICPA	**277,583,653**	**₱1,110,334,612.00**

b. Excise tax on locally produced Jet A-1 fuel:

Ms. Arguelles, petitioner's Tax Manager, explained that excise taxes on locally manufactured Jet A-1 fuel are paid by petitioner daily upon removal from the PBR. Since petitioner uses the BIR's eFPS, its excise tax returns are filed electronically through the system, and payments are made through either of the following methods: (1) product replenishment scheme or (2) payment through eFPS by filing of BIR Form No. 2200-P.

Ms. Arguelles further explained that a product replenishment scheme is used when what is to be removed from the PBR is a Jet A-1 fuel, which is to be sourced from locally manufactured stocks and delivered to depots where most sales and deliveries are made to international air carriers. On the other hand, eFPS payment via BIR Form No. 2200-P is used when the locally produced petroleum products to be removed from the PBR are not Jet A-1 fuels and are not to be delivered to locations with high sales to international carriers.

Petitioner estimates the daily volume of fuel products to be removed from the PBR and prepares a summary of estimated daily volume of fuel requirements for the next two to three days. Based on this summary, petitioner calculates the excise tax payable for its petroleum products for the next two to three days, with an additional allowance of approximately ₱5 million per day. Petitioner then files an application for the payment of excise tax through the BIR eFPS, based on actual removals from the PBR.

The estimated computation is compared against the "Balance Carried Over from Previous Return" in the *Excise Tax Return* (ETR) to ensure that there are sufficient excess payments to cover the tax due for the next two to three days. According to Ms. Arguelles, petitioner makes an advance deposit to the BIR through the eFPS if the actual balance of excess payments is insufficient. The ETR, along with the attached Summary of

Removals and eFPS payment details, serves as proof of excise tax payments for the locally manufactured Jet A-1 fuel.[93]

Ms. Viray reported that the PBR produced 760,198,240 liters of locally manufactured Jet A-1 fuel from January 1, 2019 to December 31, 2019.[94] On the other hand, during the same period, a total of 778,933,911 liters of locally manufactured Jet A-1 fuel were removed from the PBR[95] with an equivalent excise tax of ₱3,115,735,644.00. For easy reference, an excerpt of Table 19 of the ICPA *Report*[96] is reproduced below:

Per Manual ORB for Jet A-1 (Exhibit P-17-1 to P-17-12)							
Annexed to ICPA Report (Exhibit "P-37")	**Exhibit No. Reference**	**Month**	**Production**	**Removals**	**Excise Tax Payments*****		
				Taxable			
				Paid in Cash* (in Liters) (a)	**Total Tax Due** (d = a x ₱4.00) (d=e + f)**	**Through PRDM (e)**	**Through Cash Payment/ 2200 (f)**
11.1	"P-17-1"	January	100,034,077	97,535,408	₱390,141,632.00	₱338,170,408.00	₱51,971,224.00
11.2	"P-17-2"	February	96,759,103	102,285,743	409,142,972.00	338,479,404.00	70,663,568.00
11.3	"P-17-3"	March	91,043,583	90,668,895	362,675,580.00	306,480,468.00	56,195,112.00
11.4	"P-17-4"	April	68,782,724	85,323,877	341,295,508.00	271,766,808.00	69,528,700.00
11.5	"P-17-5"	May	3,720,662	7,960,390	31,841,560.00	9,228,072.00	22,613,488.00
11.6	"P-17-6"	June	209,376	–	–	–	–
11.7	"P-17-7"	July	(57,412)	–	–	–	–
11.8	"P-17-8"	August	40,944,888	25,125,628	100,502,512.00	94,667,420.00	5,835,092.00
11.9	"P-17-9"	September	80,678,030	64,261,599	257,046,396.00	214,177,636.00	42,868,760.00
11.11	"P-17-11"	November	105,853,732	111,892,651	447,570,604.00	380,552,884.00	67,017,720.00
11.12	"P-17-12"	December	71,214,427	91,370,265	365,481,060.00	290,030,928.00	75,450,132.00
		Subtotal	**659,183,190**	**676,424,456**	**2,705,697,824.00**	**2,243,554,028.00**	**462,143,796.00**
11.10	"P-17-10"	October	101,015,050	102,509,455	410,037,820.00	342,727,312.00	67,310,508.00
		Grand Total	**760,198,240**	**778,933,911**	**₱3,115,735,644.00**	**₱2,586,281,340.00**	**₱529,454,304.00**

*Paid in Cash pertains to removals from locally-produced Jet A-1 fuel.
**Pertains only to removals from locally-produced Jet A-1 fuel as the excise tax related to imported Jet A-1 fuel were already paid upon importation.
***Other than importation.

The table above shows that the total excise tax due in the amount of ₱3,115,735,644.00 was settled as follows:

- ₱2,586,281,340.00 – paid through the Product Replenishment Certificate (PRC) via the Product Replenishment Debit Memo (PRDM); and

- ₱529,454,304.00 – paid in cash via eFPS.

The ICPA confirmed a total amount of ₱2,586,834,912.00[97] utilized PRC through PRDM, which is higher by ₱553,572.00 compared to the amount reported in the Manual *Official Register Books* (ORB). However, the ICPA noted that this discrepancy would not affect the current refund claim.

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93 Docket – Vol. I, pp. 83–84, Exhibit "P-29" (Q&A No. 25); Corroborated by the testimony of Ms. Marissa U. Viray, petitioner's Accounting Services Manager, Docket – Vol. I, pp. 214–215, Exhibit "P-30" (Q&A No. 23).
94 Docket – Vol. I, pp. 211–212, Exhibit "P-30" (Q&A No. 15).
95 *Id.* at 215–216, Exhibit "P-30" (Q&A No. 24).
96 ICPA Report (Exhibit "P-37"), p. 44.
97 *Id.* at 37–39, Table 18.

A comparison of the total excise tax payment through cash of ₱529,454,304.00 reported in the Manual ORB with the excise tax due, excluding removals unrelated to Jet A-1 fuel, based on the Schedule 1 - "*Summary of Removals and Excise Tax Due on Petroleum Products Chargeable Against Payments*"[98] of the ETRs, which amounts to ₱552,214,319.88,[99] revealed a variance of ₱22,760,015.88. The computation thereof is as follows:

Exhibit No. Reference	Month	Through Cash Payment/ 2200 per Manual ORB for Jet A-1 Fuel (a)	Cash Payment based on Schedule 1 of the ETRs for Jet A-1 Fuel (Annex 5, ICPA Report) (b)	Difference (c=a-b)
"P-17-1"	January	₱51,971,224.00	₱51,894,120.00	₱77,104.00
"P-17-2"	February	70,663,568.00	71,109,808.00	(446,240.00)
"P-17-3"	March	56,195,112.00	56,241,464.00	(46,352.00)
"P-17-4"	April	69,528,700.00	70,019,072.00	(490,372.00)
"P-17-5"	May	22,613,488.00	35,302,988.44	(12,689,500.45)
"P-17-6"	June	–	2,519,864.00	(2,519,864.00)
"P-17-7"	July	–	818,812.00	(818,812.00)
"P-17-8"	August	5,835,092.00	11,527,624.00	(5,692,532.00)
"P-17-9"	September	42,868,760.00	43,534,732.00	(665,972.00)
"P-17-10"	October	67,310,508.00	67,639,663.44	(329,155.44)
"P-17-11"	November	67,017,720.00	69,158,108.00	(2,140,388.00)
"P-17-12"	December	75,450,132.00	72,448,064.00[100]	3,002,068.00
		₱529,454,304.00	**₱552,214,319.88**	**(₱22,760,015.88)**

Nevertheless, the cash payment made based on Schedule 1, which was paid and filed with the BIR, is higher than the amount reported in the Manual ORB.

Moreover, the ICPA verified that the total advance payments for CY 2019 amounted to ₱22,840,201,039.50.[101] This sum is more than sufficient to cover the total excise tax due on the removal of *all fuel products*, which stood at ₱22,423,391,464.39, as detailed below:

Advance Excise Tax Payments and Excise Taxes Due per Excise Tax Returns (BIR Form No. 2200-P) for all Place of Removal for All Fuel Products Filed through EFPS for the period from January 1, 2019 to December 31, 2019					
Month	**Annex Reference**	**Balance of Deposits Carried Over from Previous Return**	**Excise tax payments/Advance Deposits**	**Excise Tax Due/Applied**	**Balance of Deposits to be Carried Over to Next Return (per BIR Form No. 2200-P)**
January	**Annex 1.1**	₱732,366,747.19	₱2,965,000,000.00	(₱2,839,213,649.41)	₱438,075,993.78
February	**Annex 1.2**	858,075,993.78	2,410,000,000.00	(2,423,660,248.68)	384,830,132.05
March	**Annex 1.3**	844,830,132.05	2,775,000,000.00	(3,028,880,094.97)	669,582,301.57
April	**Annex 1.4**	669,582,301.57	2,295,000,000.00	(2,589,424,396.12)	375,157,905.45
May	**Annex 1.5**	375,157,905.45	775,000,000.00	(814,565,463.66)	225,226,830.58

[98] A supplementary schedule attached to the Excise Tax Returns which bears the ATC Code, description, unit of measure, and applicable rate with information on whether taxable or tax-paid/exempt and conditional tax-free for all locally produced petroleum product removals, ICPA Report (Exhibit "P-37"), p. 17.

[99] Supplemental ICPA Report (Exhibit "P-73"), Table Nos. 8 and 9, pp. 7–8.

[100] Upon examination, the total volume of Jet A-1 fuel should be 18,112,016 liters, not 13,574,822 (as indicated in the Supplemental ICPA Report) resulting in a difference of 4,537,194 liters with excise tax equivalent to ₱18,148,775.99 (₱534,065,543.89 less ₱552,214,319.88).

[101] Supplemental ICPA Report (Exhibit "P-73"), Table 1, p. 3; See also Supplemental ICPA Report (Exhibit "P-73"), Annex 1.

Advance Excise Tax Payments and Excise Taxes Due per Excise Tax Returns (BIR Form No. 2200-P) for all Place of Removal for All Fuel Products Filed through EFPS for the period from January 1, 2019 to December 31, 2019					
Month	**Annex Reference**	**Balance of Deposits Carried Over from Previous Return**	**Excise tax payments/Advance Deposits**	**Excise Tax Due/Applied**	**Balance of Deposits to be Carried Over to Next Return (per BIR Form No. 2200-P)**
June	**Annex 1.6**	335,575,641.79	–	(110,348,811.21)	225,226,830.58
July	**Annex 1.7**	225,226,830.58	–	(35,466,335.40)	189,649,742.48
August	**Annex 1.8**	189,649,742.48	98,201,039.50	(89,910,672.74)	197,797,159.24
September	**Annex 1.9**	197,797,159.24	2,295,000,000.00	(1,898,310,803.69)	593,830,531.46
October	**Annex 1.10**	593,830,531.46	3,180,000,000.00	(2,847,226,499.33)	926,243,290.54
November	**Annex 1.11**	926,243,290.54	3,319,000,000.00	(3,415,784,201.21)	769,090,616.75
December	**Annex 1.12**	782,302,649.15	2,728,000,000.00	(2,330,600,287.97)	557,153,916.77
Total			**₱22,840,201,039.50**	**(₱22,423,391,464.39)**	

However, out of the total 2,801,672 liters of *locally produced* Jet A-1 fuel sold to various international air carriers and tax-exempt entities with equivalent excise tax payment of ₱11,206,688.00, the ICPA disallowed 1,756,874 liters, with a corresponding excise tax of ₱7,027,496.00, due to the ICPA's inability to trace excise tax payments at the time of verification, pending resolutions of multiple entries and the unavailability of original documents, to wit:

Locally Produced Jet A-1 Fuel					
LOCATION	**TOTAL CLAIM (vol. in liters) Exhibit "P-41"**	**EXCEPTIONS NOTED BY THE ICPA (vol. in liters)**			**Excise Tax at ₱4.00**
		ADRs wherein excise tax payments were not yet traced due to pending resolutions of petitioner for the multiple entries needed for tracing at the time of verification	**ADRS wherein excise tax payments were not yet traced due to unavailability of original documents (i.e., ADRs, Liquidation Statement, COCs, CICs, and WCs)**	**TOTAL EXCEPTIONS NOTED BY THE ICPA**	
DAVAO	53,643	-	21,789[102]	21,789	₱87,156.00
DMIA	555,362	133,065[103]	422,297[104]	555,362	2,221,448.00
ILOILO	20,250	20,250[105]	-	20,250	81,000.00
JOCASP	584,289	374,851[106]	98,916[107]	473,767	1,895,068.00
KALIBO	178,650	130,061[108]	-	130,061	520,244.00
MACTAN	209,478	195,645[109]	-	195,645	782,580.00
PETRON BATAAN REFINERY	1,200,000	40,000[110]	320,000[111]	360,000	1,440,000.00
TOTAL	**2,801,672**	**893,872**	**863,002**	**1,756,874**	**₱7,027,496.00**

[102] Supplemental ICPA Report (Exhibit "P-73"), Annex 16.9-C.
[103] Supplemental ICPA Report (Exhibit "P-73"), Annex 16.10-B.
[104] Supplemental ICPA Report (Exhibit "P-73"), Annex 16.10-C.
[105] Supplemental ICPA Report (Exhibit "P-73"), Annex 16.11-B.
[106] Supplemental ICPA Report (Exhibit "P-73"), Annex 16.12-B.
[107] Supplemental ICPA Report (Exhibit "P-73"), Annex 16.12-C.
[108] Supplemental ICPA Report (Exhibit "P-73"), Annex 16.13-B.
[109] Supplemental ICPA Report (Exhibit "P-73"), Annex 16.14-B.
[110] Supplemental ICPA Report (Exhibit "P-73"), Annex 15.2-b.
[111] Supplemental ICPA Report (Exhibit "P-73"), Annex 15.2.

In sum, the ICPA verified that only 1,044,798 liters of locally produced Jet A-1 fuel sold to international carriers and tax-exempt entities, with an equivalent excise tax of ₱4,179,192.00, were properly filed and paid. Consequently, only this amount will be considered in the present refund claim, calculated as follows:

PARTICULARS	**LOCALLY PRODUCED**	
	Volume in Liters	**Excise Tax at ₱4.00**
Total Claim for Refund	2,801,672	₱11,206,688.00
Less: Excise Tax Payments not verified by the ICPA	1,756,874	7,027,496.00
Total Excise Tax Payment Traced/Verified by the ICPA	**1,044,798**	**₱4,179,192.00**

Thus, petitioner has sufficiently established payment of excise taxes on both imported and locally produced Jet A-1 fuel under the present claim, but only to the extent of ₱1,114,513,804.00, summarized as follows:

PARTICULARS	**IMPORTED**		**LOCALLY PRODUCED**		**TOTAL AMOUNT OF EXCISE TAX**
	Volume in Liters	**Excise Tax at ₱4.00**	**Volume in Liters**	**Excise Tax at ₱4.00**	
Total Claim for Refund	**372,050,744**	**₱1,488,202,976.00**	**2,801,672**	**₱11,206,688.00**	**₱1,499,409,664.00**
Less: Excise Tax Payments not verified by the ICPA	94,467,091	377,868,364.00	1,756,874	7,027,496.00	384,895,860.00
Total Excise Tax Payment traced or verified by the ICPA	**277,583,653**	**₱1,110,334,612.00**	**1,044,798**	**₱4,179,192.00**	**₱1,114,513,804.00**

<u>Second Requisite:</u> Petitioner likewise established that the imported and locally produced Jet A-1 fuels were sold to international carriers, with certain exceptions, but failed to substantiate sales made to entities that are by law exempt from direct and indirect taxes.

Petitioner claims that during the period from January 1, 2019 to December 31, 2019, it sold <u>2,801,672 liters</u> of *locally produced* Jet A-1 fuel, for which it paid excise taxes amounting to ₱11,206,688.00, and <u>372,050,744 liters</u> of *imported* Jet A-1 fuel, with corresponding excise taxes of ₱1,488,202,976.00. These fuel sales were made to: (1) various international carriers, both of Philippine and foreign registry, for their use and consumption outside the Philippines; (2) international carriers of foreign registry whose countries of registry exempt Philippine carriers from similar taxes; and (3) tax-exempt entities or agencies covered by tax treaties, conventions, and other international agreements for their use and consumption.[112]

Based on petitioner's *Schedule of Sales*,[113] the ICPA summarized petitioner's sales to international carriers and tax-exempt entities based on terminals for the period covering January 1, 2019 to December 31, 2019. Table 23 of the ICPA *Report*[114] is reproduced below:

		Customers	Imported	Locally-Produced	Total
A	*Petron Bataan Refinery*				
	1	Lubwell Corporation	560,000.00	1,200,000.00	1,760,000.00
	Subtotal - Petron Bataan Refinery		**560,000.00**	**1,200,000.00**	**1,760,000.00**
B.	*Davao*				
	1	Atlas Air-WFS	37,627.00	–	37,627.00
	2	Cathay Dragon	38,905.00	–	38,905.00
	3	Cebu Pacific (Intl)	735,817.00	–	735,817.00
	4	Hongkong Dragon	554,774.00	–	554,774.00
	5	Philippine Airlines (Intl)	104,632.00	–	104,632.00
	6	Qatar Airline	41,590.00	–	41,590.00
	7	Qatar Airways	679,140.00	–	679,140.00
	8	Silk Air	129,466.00	37,643.00	167,109.00
	9	WFS/Garuda Indonesia	4,855.00	–	4,855.00
	10	World Fuel	11,886.00	–	11,886.00
	11	Xiamen Airlines	407,337.00	–	407,337.00
	12	RD Fishing	–	16,000.00	16,000.00
	Subtotal – Davao		**2,746,029.00**	**53,643.00**	**2,799,672.00**
C.	*DMIA*				
	1	Alphaland Aviation	56,067.00	66,001.00	122,068.00
	2	AEG/Pan Pacific Intl		5,670.00	5,670.00
	3	Cathay Dragon	234,728.00	4,500.00	239,228.00
	4	Cathay Pacific	16,460.00	–	16,460.00
	5	Cebu Pacific (Intl)	1,672,421.00	72,650.00	1,745,071.00
	6	Dragon Air		7,630.00	7,630.00
	7	Jeju Airlines	513,837.00	35,985.00	549,822.00
	8	Jin Air Intl	2,372,547.00	112,346.00	2,484,893.00
	9	Pan Pacific Intl	26,733.00	–	26,733.00
	10	Qatar airways	71,194.00	30,904.00	102,098.00
	11	Royal Air Phils Intl	384,551.00	218,370.00	602,921.00

[112] Docket – Vol. I, p. 9, *Petition for Review*, pars. 12–15.
[113] Exhibit "P-41", USB.
[114] Exhibit "P-37", pp. 47–49; See also ICPA Report (Exhibit "P-37"), Annex 12.

		Customers	Imported	Locally-Produced	Total
	12	UV Air-CRK-global jet	7,290.00	–	7,290.00
	13	SRD Aviation		1,306.00	1,306.00
		Subtotal – DMIA	**5,355,828.00**	**555,362.00**	**5,911,190.00**
D.		*Iloilo*			
	1	Cebu Pacific (Intl)	712,254.00	20,250.00	732,504.00
		Subtotal – Iloilo	**712,254.00**	**20,250.00**	**732,504.00**
E.		*JOCASP*			
	1	Air Hongkong	1,670,899.00	–	1,670,899.00
	2	AEG/Rada Airlines		26,939.00	26,939.00
	3	Air Incheon	10,339.00	11,485.00	21,824.00
	4	Air India c/o wfs		44,412.00	44,412.00
	5	Asiana airlines c/o AEG fuel	3,915,356.00	–	3,915,356.00
	6	Aviastar tu	79,052.00	–	79,052.00
	7	Brunei Airlines c/o UAS	2,128.00	–	2,128.00
	8	Cathay Pacific	3,491,355.00	–	3,491,355.00
	9	Cebu Pacific (Intl)	56,593,650.00	49,589.00	56,643,239.00
	10	Emirates Airlines	3,343,470.00	–	3,343,470.00
	11	Ethiopian Airlines c/o wfs	158,284.00	770.00	159,054.00
	12	Global Jet Luxembourg-uv air	126,648.00	64,326.00	190,974.00
	13	Gulf Air	8,382,085.00	65,819.00	8,447,904.00
	14	Hongkong Airlines c/o wfs	418,657.00	3,774.00	422,431.00
	15	Japan Airlines c/o Cosmo oil	9,792,466.00	59,144.00	9,851,610.00
	16	Jeju Airlines	1,637,711.00	–	1,637,711.00
	17	Jet Star Asia	3,240,146.00	–	3,240,146.00
	18	Jet Star Japan c/o Cosmo oil	2,457,209.00	–	2,457,209.00
	19	K Mile Air Co.	8,675.00	–	8,675.00
	20	KLM Royal Dutch	117,982.00	–	117,982.00
	21	Korean Air	10,050,746.00	–	10,050,746.00
	22	Kuwait Airways	14,615,239.00	50,099.00	14,665,338.00
	23	Oman Air	5,873,249.00	61,119.00	5,934,368.00
	24	Philippine Airlines (Intl)	137,541,722.00	56,086.00	137,597,808.00
	25	Philippines Airasia Inc.	7,109.00	–	7,109.00
	26	Qantas Airways	2,807,821.00	–	2,807,821.00
	27	Qatar Airways	5,995,257.00	–	5,995,257.00
	28	Qatar Executive c/o Qatar Airways	26,376.00	–	26,376.00
	29	Royal Air Phils iIntl	255,906.00	–	255,906.00
	30	Royal Brunei Airlines c/o UAS	49,543.00	–	49,543.00
	31	Saudia Airlines	9,802,084.00	–	9,802,084.00
	32	Scoot Tigerair Pte Ltd	1,868,474.00	–	1,868,474.00
	33	Singapore Airlines	4,723,621.00	–	4,723,621.00
	34	Tag Aviation c/o WFS	13,389.00	4,260.00	17,649.00
	35	Volga Dnepr c/o world fuel	31,402.00	–	31,402.00
	36	WFS/HK Air Cargo	6,422.00	–	6,422.00
	37	WFS/KLM Royal	44,590.00	–	44,590.00

	Customers	Imported	Locally-Produced	Total
38	Xiamen Airlines c/o World Fuel	3,039,321.00	86,467.00	3,125,788.00
	Subtotal - JOCASP	**292,198,383.00**	**584,289.00**	**292,782,672.00**
F.	*Kalibo*			
1	Aeg/Air Busan Co. Ltd	160,683.00	24,946.00	185,629.00
2	Aeg/Juneyao Airlines	599,721.00	46,900.00	646,621.00
3	Aeg/Loong Air	9,657.00	–	9,657.00
4	Aeg/Pan Pacific Intl	5,437,426.00	82,053.00	5,519,479.00
5	Aeg/Sichuan Airlines	84,042.00	–	84,042.00
6	Aeg/T'way Air	129,571.00	–	153,032.00
7	Aeg/Zhejiang Loong Air	65,314.00	–	65,314.00
8	Air Busan c/o Aeg Fuel	21,776.00	–	21,776.00
9	Air Philippines Corp.	18,155.00	–	18,155.00
10	Cebu Pacific (Intl)	2,666,946.00	–	2,666,946.00
11	Jin Air Intl	1,319,360.00	–	1,319,360.00
12	Pan Pacific Intl	30,145.00	–	30,145.00
13	Phil Air Asia Intl	9,958,702.00	–	9,958,702.00
14	Philippine Airlines (Intl)	2,207,014.00	–	2,207,014.00
15	Royal Air Phils Intl	135,211.00	1,290.00	136,501.00
16	Scoot Tigerair Pte Ltd	100,010.00	–	100,010.00
17	WFS/Air Seoul	1,837,382.00	–	1,837,382.00
18	WFS/Air Seoul	54,201.00	–	54,201.00
19	WFS /China Eastern	1,562,408.00	–	1,562,408.00
20	WFS/Eastern Air Transport	7,000.00		7,000.00
21	WFS /Far Eastern Air Transport	56,863.00	–	56,863.00
22	WFS /Okay airways	1,394,320.00	–	1,394,320.00
23	WFS /Tiger Air Taiwan Co. Ltd	245,426.00	–	245,426.00
24	WFS /Xiamen Airlines	510,022.00	–	510,022.00
25	Zest Airways	–	23,461.00	23,461.00
	Subtotal -Kalibo	**28,611,355.00**	**178,650.00**	**28,790,005.00**
G.	*Mactan*			
1	Air Busan c/o Aeg fuel	2,250,610.00	14,928.00	2,265,538.00
2	Air Niugini c/o WFS	28,149.00		28,149.00
3	Asiana Airlines c/o Aeg fuel	1,994,721.00		1,994,721.00
4	Cathay Pacific	325,835.00		325,835.00
5	Cebu Pacific (Intl)	4,054,946.00	13,038.00	4,067,984.00
6	China Eastern c/o Aeg fuel	729,014.00		729,014.00
7	China Eastern c/o WFS	834,018.00		834,018.00
8	China Southern c/o Aeg fuel	298,642.00		298,642.00
9	Emirates Airlines	103,663.00	8,610.00	112,273.00
10	Jeju Airlines	5,711,056.00	23,840.00	5,734,896.00
11	Jin Air Intl	8,362,958.00	47,730.00	8,410,688.00
12	Juneyao Airlines c/o Aeg fuel	267,568.00		267,568.00
13	Korean Air	3,901,515.00	41,679.00	3,943,194.00

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	Customers	Imported	Locally-Produced	Total
14	Lucky air c/o Aeg fuel	663,665.00	10,462.00	674,127.00
15	Philippine Airlines (Intl)	5,972,386.00	31,354.00	6,003,740.00
16	Royal Air Phils Intl	645,985.00		645,985.00
17	Seair c/o WFS	12,497.00		12,497.00
18	South East Asian Airlines	–	5,427.00	5,427.00
19	Sichuan Airlines c/o Aeg fuel	1,266,924.00		1,266,924.00
20	Tiger Air Taiwan c/o Aeg fuel	2,487.00		2,487.00
21	Tiger Air Taiwan c/o WFS	205,732.00		205,732.00
22	T'way Air c/o Aeg fuel	1,825,632.00	12,410.00	1,838,042.00
23	Xiamen Airlines c/o world fuel	196,757.00		196,757.00
	Subtotal - Mactan	**39,654,760.00**	**209,478.00**	**39,864,238.00**
H.	*Palawan*			
1	Eastar Jet	1,655,392.00	–	1,655,392.00
2	Tiger Air c/o WFS	367,626.00	–	367,626.00
	Subtotal - Palawan	**2,023,018.00**	–	**2,023,018.00**
I.	*Tagbilaran*			
1	Jeju Airlines	91,125.00	–	91,125.00
2	Philippine Airlines (Intl)	79,341.00	–	79,341.00
3	Royal Air Phils Intl	18,651.00	–	18,651.00
	Subtotal - Tagbilaran	**189,117.00**	–	**189,117.00**
	Grand Total	**372,050,744.00**	**2,801,672.00**	**374,852,416.00**
	Volume in Liters per Petition for Review	**372,050,744.00**	**2,801,672.00**	**374,852,416.00**
	Difference	–	–	–

To reiterate, Section 135 of the NIRC of 1997, as amended, provides that the sale of petroleum products to the following entities is exempt from excise taxes, to wit:

a. International carriers of Philippine or foreign registry;
b. Exempt entities or agencies covered by tax treaties, conventions, and other international agreements; and
c. Entities that are by law exempt from direct and indirect taxes.

For the sale of petroleum products to international air carriers, whether of Philippine or foreign registry, to be exempt from excise taxes under Section 135(a) of the NIRC of 1997, as amended, petitioner must present the following:

1. Proof of foreign registry of the international air carriers, or in case of Philippine-registered air carriers, the latter's proof of authority to operate international flights;

2. Proof that the locally produced and imported Jet A-1 fuel were used or consumed outside the Philippines; and

3. Proof that the locally produced and imported Jet A-1 fuel sold to international air carriers were stored in a bonded storage tank, and had been disposed of under the rules and regulations.

I. International Carriers

a. International carriers of Philippine or foreign registry:

For the *first* requisite, petitioner presented the Civil Aeronautics Board (CAB) *Certification* with Routing No. 21-2060, dated June 22, 2021.[115] This certification serves as proof that petitioner's customers include: (i) ***international air carriers of foreign registry*** that have been issued with Foreign Air Carrier's Permit (FACP, authorizing them to operate international flights between the Philippines and their country of registration; and (ii) ***Philippine-registered international carrier*** that have been issued a Certificate of Public Convenience and Necessity (CPCN) to operate domestic and international air transportation services during the period from January 1, 2019 to December 31, 2019.

For easy reference, the list of international carriers indicated in the CAB *Certification* is reproduced below:

Name of Airline	Country of Registration
1. Air Busan Co. Ltd.	Korea
2. Air Seoul	
3. Asiana Airlines	
4. Jeju Air Co. Ltd.	
5. Jin Air Co. Ltd.	
6. Korean Airlines	
7. T'WAY AIR	
8. Air Hong Kong Limited	Hong Kong
9. Cathay Pacific Air	
10. Hong Kong Dragon Air (Cathay Dragon)	
11. Air Niugini Limited	Papua New Guinea
12. Air Macau Company Limited	Macau
13. China Eastern Airlines Co. Ltd.	China
14. China Southern Airlines	
15. Juneyao Airlines (Shanghai) (permit started on 10/27/2019)	
16. OKAY Airways (Beijing)	

[115] Docket – Vol. II, pp. 797–798, Exhibit "P-15-1".

17. Sichuan Airlines (Chengdu, Sichuan)	
18. Xiamen Airlines	
19. Delta Airlines	United States of America
20. Federal Express Corp.	
21. Gulf Air	Bahrain
22. KLM Royal Dutch Airlines	Netherlands
23. Kuwait Airways	Kuwait
24. Oman Air	Oman
25. Emirates Airlines	United Arab Emirates
26. Eithad Airways	
27. Saudi Airlines / Saudi Arabian Airlines	Saudi Arabia
28. Silk Air (Singapore) Pte. Ltd.	Singapore
29. Singapore Airlines	
30. Jetstar Asia Airways Pte. Ltd.	
31. Tiger Airways Singapore Pte. Ltd.	
32. Qatar Airways	Qatar
33. Eva Air	Taiwan
34. Tigerair Taiwan Airlines	
35. China Airlines	
36. Air Asia Berhad	Malaysia
37. Vanilla Air (Narita)	Japan
38. Japan Airlines	
39. Qantas Airways	Australia
40. Ethiopian Airlines	Ethiopia
41. Cargolux Airlines International S.A.	Luxembourg
42. Royal Brunei	Brunei
43. Cebu Air, Inc. (Cebu Pacific Air)	Philippines
44. Philippine Airlines, Inc.	
45. Philippines AirAsia, Inc.	
46. PAL Express (formerly Air Philippines Corporation / Airphil Express)	
47. Zest Airways, Inc. (doing business as AirAsia Zest / Philippines AirAsia)	
48. Astro Air International, Inc. (doing business as Pan Pacific Airlines)	
49. Royal Air Charter Services, Inc. (Royal Air Philippines)	

b. *International carriers of foreign registry covered by tax treaties, conventions, and other international agreements:*

Petitioner submitted the following documentary evidence to determine whether the country of registry of the international carriers of foreign registry grants similar exemptions from excise or other equivalent taxes to the locally produced and imported Jet A-1 fuels sold to international carriers of Philippine registry, *viz*:

W

a. Department of Foreign Affairs (DFA) *Certifications*[116] to prove that the bilateral air services agreements and other agreements in effect in the years 2019 and 2020; and

b. Certified True Copy of Air Services Agreements or Other Agreements between the Republic of the Philippines and the following Countries:

1. The Government of the Republic of Singapore;[117]
2. The Government of the Kingdom of the Netherlands;[118]
3. The Government of the Republic of Korea;[119]
4. The Government of the Russian Federation;[120]
5. The Government of Malaysia;[121]
6. The Government of the Sultanate of Oman;[122]
7. The Government of the State of Qatar;[123]
8. The Taipei Economic and Cultural Office in Manila;[124]
9. The Government of the United Arab Emirates;[125]
10. The United States of America;[126]
11. The Government of the United States of America Regarding the Treatment of United States Armed Forces Visiting the Philippines;[127]
12. The Government of the State of Bahrain;[128]
13. The Government of the People's Republic of China;[129]
14. The Government of the Republic of Indonesia;[130]
15. The Government of Australia;[131]
16. The Government of the Hashemite Kingdom of Jordan;[132]
17. Asian Development Bank;[133]
18. State of Kuwait;[134]
19. The Government of Hong Kong;[135]
20. The Government of the Kingdom of Thailand;[136]
21. Switzerland;[137]
22. The Government of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam;[138]
23. The Government of Japan;[139]

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[116] *Id.* at 799–803, Exhibits "P-15-2", "P-15-3", "P-15-4".
[117] *Id.* at 805–817, Exhibit "P-16-1".
[118] *Id.* at 818–830, Exhibit "P-16-2".
[119] *Id.* at 831–855, Exhibit "P-16-3".
[120] *Id.* at 856–872, Exhibit "P-16-4".
[121] *Id.* at 873–888, Exhibit "P-16-5".
[122] *Id.* at 889–900, Exhibit "P-16-6".
[123] *Id.* at 901–913, Exhibit "P-16-7".
[124] *Id.* at 914–927, Exhibit "P-16-8".
[125] *Id.* at 928–941, Exhibit "P-16-9".
[126] *Id.* at 942–947, Exhibit "P-16-10".
[127] *Id.* at 948–957, Exhibit "P-16-11".
[128] *Id.* at 958–970, Exhibit "P-16-12".
[129] *Id.* at 971–991, Exhibit "P-16-13".
[130] *Id.* at 992–1003, Exhibit "P-16-14".
[131] *Id.* at 1004–1035, Exhibit "P-16-15".
[132] *Id.* at 1036–1059, Exhibit "P-16-16".
[133] *Id.* at 1060–1074, Exhibit "P-16-17".
[134] *Id.* at 1075–1091, Exhibit "P-16-18".
[135] *Id.* at 1092–1111, Exhibit "P-16-19".
[136] *Id.* at 1112–1130, Exhibit "P-16-20".
[137] *Id.* at 1131–1142, Exhibit "P-16-21".
[138] *Id.* at 1143–1161, Exhibit "P-16-22".
[139] *Id.* at 1162–1175, Exhibit "P-16-23".

24. The Government of India;[140]
25. The Government of the Grand Duchy of Luxembourg;[141] and
26. The Government of the Federal Democratic Republic of Ethiopia.[142]

Records reveal that 74,839 liters of imported Jet A-1 fuel and 5,427 liters of locally produced Jet A-1 fuel, with equivalent paid excise taxes of ₱299,356.00 and ₱21,708.00, respectively, were sold to the following customers without a valid FACP, CPCN, or Air Service Agreements. These sales must, therefore, be disallowed:

Customer	**Country of Registry**	**Imported Jet A-1 fuel**	**Locally Produced Jet A-1 fuel**	**Total**
		(volume in liters)	**(volume in liters)**	**(volume in liters)**
WFS/FAR EASTERN AIR TRANSPORT	TAIWAN	45,601		45,601
WFS/GARUDA INDONESIA	INDONESIA	4,855		4,855
SEAIR C/O WFS/ SOUTH EAST ASIAN AIRLINES	PHILIPPINES	12,497	5,427	17,924
WORLD FUEL	UNITED STATES	11,886		11,886
	Total	**74,839**	**5,427**	**80,266.00**
Multiplied by: Excise Tax Rate		₱ 4.00	₱ 4.00	
Disallowed		**₱ 299,356.00**	**₱ 21,708.00**	**₱ 321,064.00**

For the *second* requisite, petitioner presented various *Aviation Delivery Receipts* (ADRs)[143] to prove that the petroleum products sold were used or consumed outside the Philippines.

Upon review of the ADRs, the Court finds that a total of 1,584,732 liters of Jet A-1 fuel with corresponding excise tax payments amounting to ₱6,338,928.00, were supported by: (1) ADRs that listed a local destination; (2) ADRs that did not indicate a destination; and (3) ADRs with unreadable details (such as customer name, date, and destination). The specifics are enumerated below:

[140] *Id.* at 1176–1193, Exhibit "P-16-24".
[141] *Id.* at 1194–1211, Exhibit "P-16-25".
[142] *Id.* at 1212–1227, Exhibit "P-16-26".
[143] Exhibit "P-21" and sub-markings; See ICPA Report (Exhibit "P-37"), pp. 80–95.

I. IMPORTED JET A-1 FUEL					
LOCATION	**EXHIBIT NO.**	**CUSTOMER**	**ADR NUMBER**	**VOLUME (in liters)**	**Excise Tax at ₱4.00**
1. Sale of imported Jet A-1 fuel supported by ADRs that listed a local destination					
DMIA	P-21-15269	ROYAL AIR PHILS INTL	1203236	7,220	₱28,880.00
DMIA	P-21-15262	ROYAL AIR PHILS INTL	1203219	4,990	19,960.00
DMIA	P-21-15263	ROYAL AIR PHILS INTL	1203221	6,959	27,836.00
DMIA	P-21-15265	ROYAL AIR PHILS INTL	1203228	5,800	23,200.00
DMIA	P-21-15264	ROYAL AIR PHILS INTL	1203226	7,110	28,440.00
DMIA	P-21-15267	ROYAL AIR PHILS INTL	1203235	6,084	24,336.00
DMIA	P-21-15385	ROYAL AIR PHILS INTL	1203362	5,736	22,944.00
DMIA	P-57-124	ROYAL AIR PHILS INTL	1203365	7,100	28,400.00
DMIA	P-21-15387	ROYAL AIR PHILS INTL	1203347	6,587	26,348.00
DMIA	P-21-15388	ROYAL AIR PHILS INTL	1203349	622	2,488.00
DMIA	P-21-15389	ROYAL AIR PHILS INTL	1203355	6,067	24,268.00
DMIA	P-21-15390	ROYAL AIR PHILS INTL	1203357	7,020	28,080.00
DMIA	P-21-15391	ROYAL AIR PHILS INTL	1203369	7,553	30,212.00
DMIA	P-21-15393	ROYAL AIR PHILS INTL	1203374	6,510	26,040.00
DMIA	P-21-15395	ROYAL AIR PHILS INTL	1203380	6,820	27,280.00
DMIA	P-21-15396	ROYAL AIR PHILS INTL	1203385	5,690	22,760.00
DMIA	P-21-15397	ROYAL AIR PHILS INTL	1203387	6,771	27,084.00
DMIA	P-21-15399	ROYAL AIR PHILS INTL	1203421	6,079	24,316.00
DMIA	P-21-15400	ROYAL AIR PHILS INTL	1203422	6,840	27,360.00
DMIA	P-21-15402	ROYAL AIR PHILS INTL	1203392	5,850	23,400.00
DMIA	P-21-15403	ROYAL AIR PHILS INTL	1203395	6,980	27,920.00
DMIA	P-21-15404	ROYAL AIR PHILS INTL	1203399	8,911	35,644.00
DMIA	P-21-15405	ROYAL AIR PHILS INTL	1203403	6,890	27,560.00
DMIA	P-21-15407	ROYAL AIR PHILS INTL	1203408	5,790	23,160.00
DMIA	P-21-15409	ROYAL AIR PHILS INTL	1203415	3,170	12,680.00
DMIA	P-21-15411	ROYAL AIR PHILS INTL	1203418	6,047	24,188.00
DMIA	P-21-15412	ROYAL AIR PHILS INTL	1203420	6,760	27,040.00
DMIA	P-21-15415	ROYAL AIR PHILS INTL	1203432	6,730	26,920.00
DMIA	P-21-15416	ROYAL AIR PHILS INTL	1203445	5,860	23,440.00
DMIA	P-21-15417	ROYAL AIR PHILS INTL	1203447	6,935	27,740.00
DMIA	P-21-20501	ROYAL AIR PHILS INTL	1203570	5,010	20,040.00
DMIA	P-21-20500	ROYAL AIR PHILS INTL	1203571	7,880	31,520.00
DMIA	P-21-20499	ROYAL AIR PHILS INTL	1203584	6,370	25,480.00

DMIA	P-21-20498	ROYAL AIR PHILS INTL	1203582	6,362	25,448.00
DMIA	P-21-20497	ROYAL AIR PHILS INTL	1203594	7,170	28,680.00
DMIA	P-21-20496	ROYAL AIR PHILS INTL	1203593	6,080	24,320.00
DMIA	P-21-20495	ROYAL AIR PHILS INTL	1203604	7,687	30,748.00
DMIA	P-21-20494	ROYAL AIR PHILS INTL	1203607	6,910	27,640.00
DMIA	P-21-20493	ROYAL AIR PHILS INTL	1203606	6,318	25,272.00
DMIA	P-21-20738	ROYAL AIR PHILS INTL	1203658	5,970	23,880.00
JOCASP	P-21-3094	ROYAL AIR PHILS INTL	1281422	564	2,256.00
JOCASP	P-21-3096	ROYAL AIR PHILS INTL	1281692	1,244	4,976.00
JOCASP	P-21-3098	ROYAL AIR PHILS INTL	1281858	524	2,096.00
JOCASP	P-21-3108	ROYAL AIR PHILS INTL	1282046	330	1,320.00
JOCASP	P-21-3134	ROYAL AIR PHILS INTL	1297576	639	2,556.00
JOCASP	P-21-3140	ROYAL AIR PHILS INTL	1297733	7,473	29,892.00
JOCASP	P-21-3158	ROYAL AIR PHILS INTL	1298082	7,190	28,760.00
JOCASP	P-21-3196	ROYAL AIR PHILS INTL	1298252	6,927	27,708.00
JOCASP	P-21-5180	ROYAL AIR PHILS INTL	1301436	7,974	31,896.00
JOCASP	P-21-5185	ROYAL AIR PHILS INTL	1302105	7,918	31,672.00
JOCASP	P-21-5194	ROYAL AIR PHILS INTL	1302381	9,022	36,088.00
JOCASP	P-21-5198	ROYAL AIR PHILS INTL	1302530	7,083	28,332.00
JOCASP	P-21-5204	ROYAL AIR PHILS INTL	1302709	7,005	28,020.00
JOCASP	P-21-5217	ROYAL AIR PHILS INTL	1302855	7,012	28,048.00
JOCASP	P-21-5225	ROYAL AIR PHILS INTL	1303014	7,340	29,360.00
JOCASP	P-21-5231	ROYAL AIR PHILS INTL	1303215	7,290	29,160.00
JOCASP	P-21-5235	ROYAL AIR PHILS INTL	1303280	7,270	29,080.00
MACTAN	P-21-20059	ROYAL AIR PHILS INTL	1265103	3,837	15,348.00
MACTAN	P-21-20065	ROYAL AIR PHILS INTL	1265184	6,113	24,452.00
MACTAN	P-21-20067	ROYAL AIR PHILS INTL	1265318	6,943	27,772.00
MACTAN	P-21-20071	ROYAL AIR PHILS INTL	1265259	5,449	21,796.00
MACTAN	P-21-20027	ROYAL AIR PHILS INTL	1265404	6,406	25,624.00
MACTAN	P-21-20029	ROYAL AIR PHILS INTL	1265347	3,869	15,476.00
MACTAN	P-21-20030	ROYAL AIR PHILS INTL	1265489	6,712	26,848.00
MACTAN	P-21-20031	ROYAL AIR PHILS INTL	1265442	6,798	27,192.00
MACTAN	P-21-20032	ROYAL AIR PHILS INTL	1265431	5,950	23,800.00
MACTAN	P-21-20033	ROYAL AIR PHILS INTL	1266071	4,081	16,324.00
MACTAN	P-21-20035	ROYAL AIR PHILS INTL	1266016	4,218	16,872.00
MACTAN	P-21-20038	ROYAL AIR PHILS INTL	1266091	4,694	18,776.00
MACTAN	P-21-20039	ROYAL AIR PHILS INTL	1266185	6,663	26,652.00

MACTAN	P-21-20040	ROYAL AIR PHILS INTL	1266177	6,025	24,100.00
MACTAN	P-21-20041	ROYAL AIR PHILS INTL	1266303	2,983	11,932.00
MACTAN	P-21-20042	ROYAL AIR PHILS INTL	1266262	4,304	17,216.00
MACTAN	P-21-20043	ROYAL AIR PHILS INTL	1266252	681	2,724.00
MACTAN	P-21-20044	ROYAL AIR PHILS INTL	1266374	6,970	27,880.00
MACTAN	P-21-20045	ROYAL AIR PHILS INTL	1266352	7,188	28,752.00
MACTAN	P-21-20046	ROYAL AIR PHILS INTL	1266333	2,863	11,452.00
MACTAN	P-21-20048	ROYAL AIR PHILS INTL	1266430	4,194	16,776.00
MACTAN	P-21-20050	ROYAL AIR PHILS INTL	1266400	3,430	13,720.00
MACTAN	P-21-20051	ROYAL AIR PHILS INTL	1266516	7,086	28,344.00
MACTAN	P-57-8	ROYAL AIR PHILS INTL	1266503	3,240	12,960.00
MACTAN	P-21-20393	ROYAL AIR PHILS INTL	1266630	2,577	10,308.00
MACTAN	P-21-20396	ROYAL AIR PHILS INTL	1266707	2,957	11,828.00
MACTAN	P-21-20398	ROYAL AIR PHILS INTL	1266653	2,677	10,708.00
MACTAN	P-21-20400	ROYAL AIR PHILS INTL	1266747	6,782	27,128.00
MACTAN	P-21-20401	ROYAL AIR PHILS INTL	1266734	2,718	10,872.00
MACTAN	P-21-20406	ROYAL AIR PHILS INTL	1266903	6,746	26,984.00
MACTAN	P-21-20408	ROYAL AIR PHILS INTL	1267094	4,220	16,880.00
MACTAN	P-21-20410	ROYAL AIR PHILS INTL	1267043	2,818	11,272.00
MACTAN	P-21-20407	ROYAL AIR PHILS INTL	1267667	3,102	12,408.00
MACTAN	P-57-126	ROYAL AIR PHILS INTL	1267135	3,963	15,852.00
MACTAN	P-57-128	ROYAL AIR PHILS INTL	1267256	1,276	5,104.00
MACTAN	P-57-129	ROYAL AIR PHILS INTL	1267252	978	3,912.00
MACTAN	P-57-131	ROYAL AIR PHILS INTL	1267220	7,040	28,160.00
MACTAN	P-57-145	ROYAL AIR PHILS INTL	1267663	2,989	11,956.00
MACTAN	P-57-147	ROYAL AIR PHILS INTL	1267608	1,907	7,628.00
MACTAN	P-57-256	ROYAL AIR PHILS INTL	1266768	1,542	6,168.00
MACTAN	P-21-20412	ROYAL AIR PHILS INTL	1267741	2,431	9,724.00
MACTAN	P-21-20413	ROYAL AIR PHILS INTL	1267704	4,303	17,212.00
MACTAN	P-21-20414	ROYAL AIR PHILS INTL	1267809	2,372	9,488.00
MACTAN	P-57-149	ROYAL AIR PHILS INTL	1267779	6,810	27,240.00
MACTAN	P-57-150	ROYAL AIR PHILS INTL	1267891	2,848	11,392.00
MACTAN	P-21-20419	ROYAL AIR PHILS INTL	1267837	1,990	7,960.00
MACTAN	P-57-257	ROYAL AIR PHILS INTL	1267833	2,699	10,796.00
MACTAN	P-21-20421	ROYAL AIR PHILS INTL	1268048	2,726	10,904.00
MACTAN	P-21-20423	ROYAL AIR PHILS INTL	1268020	6,912	27,648.00
MACTAN	P-21-20424	ROYAL AIR PHILS INTL	1268000	2,295	9,180.00

MACTAN	P-21-20425	ROYAL AIR PHILS INTL	1268130	2,586	10,344.00
MACTAN	P-21-20426	ROYAL AIR PHILS INTL	1268076	587	2,348.00
MACTAN	P-21-20427	ROYAL AIR PHILS INTL	1268204	2,751	11,004.00
MACTAN	P-57-258	ROYAL AIR PHILS INTL	1267251	1,839	7,356.00
MACTAN	P-57-157	ROYAL AIR PHILS INTL	1268226	254	1,016.00
MACTAN	P-57-159	ROYAL AIR PHILS INTL	1268330	4,958	19,832.00
MACTAN	P-57-160	ROYAL AIR PHILS INTL	1268322	6,857	27,428.00
MACTAN	P-57-161	ROYAL AIR PHILS INTL	1268305	1,816	7,264.00
MACTAN	P-57-162	ROYAL AIR PHILS INTL	1268434	3,900	15,600.00
MACTAN	P-57-163	ROYAL AIR PHILS INTL	1268393	6,983	27,932.00
MACTAN	P-57-165	ROYAL AIR PHILS INTL	1271007	3,432	13,728.00
MACTAN	P-57-166	ROYAL AIR PHILS INTL	1268458	109	436.00
MACTAN	P-57-167	ROYAL AIR PHILS INTL	1271085	2,337	9,348.00
MACTAN	P-57-168	ROYAL AIR PHILS INTL	1271078	864	3,456.00
MACTAN	P-57-169	ROYAL AIR PHILS INTL	1271052	7,995	31,980.00
MACTAN	P-57-170	ROYAL AIR PHILS INTL	1271039	1,822	7,288.00
MACTAN	P-57-171	ROYAL AIR PHILS INTL	1271114	3,358	13,432.00
MACTAN	P-57-172	ROYAL AIR PHILS INTL	1271240	2,546	10,184.00
MACTAN	P-57-173	ROYAL AIR PHILS INTL	1271201	6,934	27,736.00
MACTAN	P-57-176	ROYAL AIR PHILS INTL	1271355	7,463	29,852.00
MACTAN	P-57-177	ROYAL AIR PHILS INTL	1271344	1,548	6,192.00
MACTAN	P-57-178	ROYAL AIR PHILS INTL	1271391	3,831	15,324.00
MACTAN	P-21-20475	ROYAL AIR PHILS INTL	1271462	3,311	13,244.00
MACTAN	P-21-20476	ROYAL AIR PHILS INTL	1271432	7,369	29,476.00
MACTAN	P-21-20477	ROYAL AIR PHILS INTL	1271417	4,318	17,272.00
MACTAN	P-21-20478	ROYAL AIR PHILS INTL	1271538	3,013	12,052.00
MACTAN	P-21-20479	ROYAL AIR PHILS INTL	1271487	2,887	11,548.00
MACTAN	P-21-20480	ROYAL AIR PHILS INTL	1271609	2,875	11,500.00
MACTAN	P-21-20481	ROYAL AIR PHILS INTL	1271574	5,860	23,440.00
MACTAN	P-21-20482	ROYAL AIR PHILS INTL	1271562	5,103	20,412.00
MACTAN	P-21-20484	ROYAL AIR PHILS INTL	1271632	3,170	12,680.00
MACTAN	P-21-20485	ROYAL AIR PHILS INTL	1271762	3,493	13,972.00
MACTAN	P-57-55	ROYAL AIR PHILS INTL	1271706	5,216	20,864.00
MACTAN	P-21-20487	ROYAL AIR PHILS INTL	1271819	3,718	14,872.00
MACTAN	P-21-20488	ROYAL AIR PHILS INTL	1271778	2,998	11,992.00
MACTAN	P-21-20489	ROYAL AIR PHILS INTL	1271908	3,779	15,116.00
MACTAN	P-21-20491	ROYAL AIR PHILS INTL	1271859	1,342	5,368.00

			Subtotal	**689,640**	**₱2,758,560.00**
2. Sale of imported Jet A-1 fuel supported by ADRs that did not indicate a destination					
JOCASP	P-21-3106	GLOBAL JET LUXEMBOURG-UV AIR	1282144	4,721	₱18,884.00
JOCASP	P-21-3104	GLOBAL JET LUXEMBOURG-UV AIR	1279617	8,071	32,284.00
JOCASP	P-21-7598	GLOBAL JET LUXEMBOURG-UV AIR	1305727	9,913	39,652.00
JOCASP	P-21-7621	AVIASTAR TU	1306365	9,678	38,712.00
JOCASP	P-21-7623	GLOBAL JET LUXEMBOURG-UV AIR	1306549	15,726	62,904.00
JOCASP	P-21-7625	GLOBAL JET LUXEMBOURG-UV AIR	1306784	8,167	32,668.00
			Subtotal	**56,276**	**₱225,104.00**
3. Sale of imported Jet A-1 fuel supported by ADRs with unreadable details					
DMIA	P-21-15386	ROYAL AIR PHILS INTL	1203345	8,160	32,640.00
DMIA	P-21-15392	ROYAL AIR PHILS INTL	1203372	5,796	23,184.00
DMIA	P-21-15394	ROYAL AIR PHILS INTL	1203379	5,010	20,040.00
DMIA	P-21-15401	ROYAL AIR PHILS INTL	1203390	5,402	21,608.00
DMIA	P-21-15406	ROYAL AIR PHILS INTL	1203404	7,142	28,568.00
DMIA	P-21-15408	ROYAL AIR PHILS INTL	1203410	7,100	28,400.00
DMIA	P-21-15410	ROYAL AIR PHILS INTL	1203416	1,589	6,356.00
DMIA	P-21-15413	ROYAL AIR PHILS INTL	1203427	8,547	34,188.00
DMIA	P-21-15414	ROYAL AIR PHILS INTL	1203430	740	2,960.00
JOCASP	P-21-1239	CEBU PACIFIC (INTL)	1276684	10,093	40,372.00
JOCASP	P-21-1244	CEBU PACIFIC (INTL)	1276773	11,427	45,708.00
JOCASP	P-21-1270	CEBU PACIFIC (INTL)	1277032	13,106	52,424.00
JOCASP	P-21-1476	PHILIPPINE AIRLINES (INTL)	1278211	17,881	71,524.00
JOCASP	P-21-1495	PHILIPPINE AIRLINES (INTL)	1278330	130,150	520,600.00
JOCASP	P-21-1496	PHILIPPINE AIRLINES (INTL)	1278331	112,437	449,748.00
JOCASP	P-21-1501	PHILIPPINE AIRLINES (INTL)	1278338	12,936	51,744.00
JOCASP	P-21-1557	PHILIPPINE AIRLINES (INTL)	1278855	7,442	29,768.00
JOCASP	P-21-1557	PHILIPPINE AIRLINES (INTL)	1278855	3,206	12,824.00
JOCASP	P-21-1639	ROYAL BRUNEI AIRLINES C/O UAS	1279610	276	1,104.00
JOCASP	P-21-1659	CEBU PACIFIC (INTL)	1279418	9,929	39,716.00
JOCASP	P-21-2302	PHILIPPINE AIRLINES (INTL)	1279209	19,682	78,728.00

JOCASP	P-21-2304	PHILIPPINE AIRLINES (INTL)	1279358	30,792	123,168.00
JOCASP	P-21-2309	PHILIPPINE AIRLINES (INTL)	1279450	27,333	109,332.00
JOCASP	P-21-2312	PHILIPPINE AIRLINES (INTL)	1279476	10,764	43,056.00
JOCASP	P-21-2332	PHILIPPINE AIRLINES (INTL)	1279582	69,856	279,424.00
JOCASP	P-21-2493	PHILIPPINE AIRLINES (INTL)	1280455	11,496	45,984.00
JOCASP	P-21-2498	PHILIPPINE AIRLINES (INTL)	1280520	17,928	71,712.00
JOCASP	P-21-1808	CEBU PACIFIC (INTL)	1281753	15,240	60,960.00
KALIBO	P-21-14804	AEG/PAN PACIFIC INTL	1235564	15,510	62,040.00
KALIBO	P-57-269	CEBU PACIFIC (INTL)	1269965	12,498	49,992.00
KALIBO	P-21-16895	ROYAL AIR PHILS INTL	1270905	1,908	7,632.00
KALIBO	P-21-16896	ROYAL AIR PHILS INTL	1270931	9,940	39,760.00
KALIBO	P-21-16966	ROYAL AIR PHILS INTL	1285284	2,830	11,320.00
KALIBO	P-21-16970	ROYAL AIR PHILS INTL	1285382	1,180	4,720.00
MACTAN	P-21-20055	ROYAL AIR PHILS INTL	1265158	6,533	26,132.00
MACTAN	P-21-20057	ROYAL AIR PHILS INTL	1265126	7,193	28,772.00
MACTAN	P-21-20061	ROYAL AIR PHILS INTL	1265237	6,496	25,984.00
MACTAN	P-57-3	ROYAL AIR PHILS INTL	1265192	2,627	10,508.00
MACTAN	P-21-20069	ROYAL AIR PHILS INTL	1265277	7,017	28,068.00
MACTAN	P-21-20028	ROYAL AIR PHILS INTL	1265355	4,257	17,028.00
MACTAN	P-21-20034	ROYAL AIR PHILS INTL	1266023	4,038	16,152.00
MACTAN	P-21-20036	ROYAL AIR PHILS INTL	1266151	6,773	27,092.00
MACTAN	P-21-20037	ROYAL AIR PHILS INTL	1266109	6,817	27,268.00
MACTAN	P-21-20086	ROYAL AIR PHILS INTL	1266226	3,179	12,716.00
MACTAN	P-21-20047	ROYAL AIR PHILS INTL	1266473	2,685	10,740.00
MACTAN	P-21-20049	ROYAL AIR PHILS INTL	1266417	750	3,000.00
MACTAN	P-21-20394	ROYAL AIR PHILS INTL	1266594	4,941	19,764.00
MACTAN	P-21-20395	ROYAL AIR PHILS INTL	1266576	897	3,588.00
MACTAN	P-21-20397	ROYAL AIR PHILS INTL	1266671	7,038	28,152.00
MACTAN	P-21-20399	ROYAL AIR PHILS INTL	1266780	2,793	11,172.00
MACTAN	P-21-20402	ROYAL AIR PHILS INTL	1266860	2,814	11,256.00
MACTAN	P-21-20403	ROYAL AIR PHILS INTL	1266817	4,283	17,132.00
MACTAN	P-21-20404	ROYAL AIR PHILS INTL	1266808	519	2,076.00
MACTAN	P-21-20405	ROYAL AIR PHILS INTL	1266938	2,677	10,708.00
MACTAN	P-21-20409	ROYAL AIR PHILS INTL	1267057	6,909	27,636.00

MACTAN	P-57-125	ROYAL AIR PHILS INTL	1267176	2,894	11,576.00
MACTAN	P-57-127	ROYAL AIR PHILS INTL	1267128	3,551	14,204.00
MACTAN	P-57-130	ROYAL AIR PHILS INTL	1267229	5,113	20,452.00
MACTAN	P-57-132	ROYAL AIR PHILS INTL	1267202	2,709	10,836.00
MACTAN	P-57-146	ROYAL AIR PHILS INTL	1267624	6,793	27,172.00
MACTAN	P-57-151	ROYAL AIR PHILS INTL	1267853	6,887	27,548.00
MACTAN	P-21-20422	ROYAL AIR PHILS INTL	1268032	4,750	19,000.00
MACTAN	P-21-20428	ROYAL AIR PHILS INTL	1268167	6,867	27,468.00
MACTAN	P-21-20429	ROYAL AIR PHILS INTL	1268153	1,867	7,468.00
MACTAN	P-57-156	ROYAL AIR PHILS INTL	1268280	2,512	10,048.00
MACTAN	P-57-158	ROYAL AIR PHILS INTL	1268352	2,800	11,200.00
MACTAN	P-57-164	ROYAL AIR PHILS INTL	1268379	1,896	7,584.00
MACTAN	P-57-174	ROYAL AIR PHILS INTL	1271318	2,916	11,664.00
MACTAN	P-57-175	ROYAL AIR PHILS INTL	1271270	309	1,236.00
MACTAN	P-21-20483	ROYAL AIR PHILS INTL	1271686	2,950	11,800.00
MACTAN	P-21-20486	ROYAL AIR PHILS INTL	1271725	5,786	23,144.00
MACTAN	P-21-20490	ROYAL AIR PHILS INTL	1271865	7,232	28,928.00
			Subtotal	**784,394**	**₱3,137,576.00**
			TOTAL	**1,530,310**	**₱6,121,240.00**
II. LOCALLY-PRODUCED JET A-1 FUEL					
LOCATION	**EXHIBIT NO.**	**CUSTOMER**	**ADR NUMBER**	**VOLUME (in liters)**	**Excise Tax at ₱4.00**
1. Sale of locally-produced Jet A-1 fuel supported by ADRs that listed a local destination					
KALIBO	P-21-19263	AEG/PAN PACIFIC INTL	1268588	3,590	₱14,360.00
KALIBO	P-21-19264	AEG/PAN PACIFIC INTL	1236906	5,353	21,412.00
			Subtotal	**8,943**	**₱35,772.00**
2. Sale of locally-produced Jet A-1 fuel supported by ADRs that did not indicate a destination					
JOCASP	P-21-19154	GLOBAL JET LUXEMBOURG-UV AIR	1272654	10,445	₱41,780.00
JOCASP	P-21-19181	GLOBAL JET LUXEMBOURG-UV AIR	1242039	5,454	21,816.00
JOCASP	P-21-19183	GLOBAL JET LUXEMBOURG-UV AIR	1243139	7,929	31,716.00
JOCASP	P-21-19277	GLOBAL JET LUXEMBOURG-UV AIR	1278110	5,857	23,428.00
JOCASP	P-21-19279	GLOBAL JET LUXEMBOURG-UV AIR	1278011	14,504	58,016.00
			Subtotal	**44,189**	**₱176,756.00**
3. Sale of locally-produced Jet A-1 fuel supported by ADRs with unreadable details					
KALIBO	P-21-19116	ROYAL AIR INTL	1234910	1,290	₱5,160.00

			Subtotal	**1,290**	**₱5,160.00**
			TOTAL	**54,422**	**₱217,688.00**
			GRAND TOTAL	**1,584,732**	**₱6,338,928.00**

Moreover, as already noted, the date of settlement of taxes and duties due was, at the earliest, made on March 1, 2019, as supported by the SSDT.[144] However, considering that the ATRIG[145] date for the importation was March 13, 2019,[146] any withdrawal from the PBR prior to this date is not covered by the importation upon which the claimed deliveries to international carriers, which are the subject of the present claim, were sourced.

Consequently, petitioner's claimed excise taxes amounting to ₱4,470,592.00, supported by ADRs dated earlier than March 13, 2019, shall be disallowed. This is due to the failure to demonstrate that the 1,117,648 liters of Jet A-1 fuel sold to international carriers were sourced from the imported Jet A-1 fuel, which is the subject of the present claim, as enumerated below:

IMPORTED JET A-1 FUEL						
LOCATION	**EXHIBIT NO.**	**CUSTOMER**	**ADR NUMBER**	**ADR DATE**	**VOLUME (in liters)**	**Excise Tax at ₱4.00**
JOCASP	"P-21-345"	XIAMEN AIRLINES C/O WORLD FUEL	1244650	March 11, 2019	6,832	₱ 27,328.00
	"P-21-346"	XIAMEN AIRLINES C/O WORLD FUEL	1244729	March 11, 2019	6,465	25,860.00
	"P-21-347"	XIAMEN AIRLINES C/O WORLD FUEL	1244754	March 11, 2019	10,276	41,104.00
	"P-21-348"	XIAMEN AIRLINES C/O WORLD FUEL	1244790	March 12, 2019	7,189	28,756.00
	"P-21-349"	XIAMEN AIRLINES C/O WORLD FUEL	1244824	March 12, 2019	5,811	23,244.00
	"P-21-350"	XIAMEN AIRLINES C/O WORLD FUEL	1244955	March 12, 2019	5,519	22,076.00
	"P-21-352"	PHILIPPINE AIRLINES (INTL)	1244951	March 12, 2019	9,889	39,556.00
	"P-21-726"	QATAR EXECUTIVE C/O QATAR AIRWAYS	1244803	March 12, 2019	7,243	28,972.00
	"P-21-354"	PHILIPPINE AIRLINES (INTL)	1244782	March 12, 2019	4,924	19,696.00
	"P-21-355"	PHILIPPINE AIRLINES (INTL)	1244794	March 12, 2019	8,095	32,380.00
	"P-21-356"	PHILIPPINE AIRLINES (INTL)	1244795	March 12, 2019	11,369	45,476.00
	"P-21-357"	PHILIPPINE AIRLINES (INTL)	1244799	March 12, 2019	13,744	54,976.00
	"P-21-359"	PHILIPPINE AIRLINES (INTL)	1244801	March 12, 2019	16,608	66,432.00
	"P-21-360"	PHILIPPINE AIRLINES (INTL)	1244814	March 12, 2019	10,811	43,244.00

[144] Exhibits "P-44-26" and "P-44", USB.

[145] An ATRIG is an authority issued by the Bureau of Internal Revenue (BIR), addressed to the Commissioner of Customs (COC), allowing the release of imported goods from customs custody upon payment of applicable taxes, or proof of exemption from payment thereof, whichever is applicable. (See definition of ATRIG in Revenue Regulations No. 2-2016. Although the said regulations pertain to imported automobiles, the definition is generic and likewise applies to imported petroleum products.)

[146] Exhibit "P-19-9", USB.

	"P-21-361"	PHILIPPINE AIRLINES (INTL)	1244816	March 12, 2019	13,472	53,888.00
	"P-21-362"	PHILIPPINE AIRLINES (INTL)	1244818	March 12, 2019	24,982	99,928.00
	"P-21-363"	PHILIPPINE AIRLINES (INTL)	1244819	March 12, 2019	77,404	309,616.00
	"P-21-364"	PHILIPPINE AIRLINES (INTL)	1244821	March 12, 2019	108,460	433,840.00
	"P-21-365"	PHILIPPINE AIRLINES (INTL)	1244822	March 12, 2019	8,970	35,880.00
	"P-21-366"	PHILIPPINE AIRLINES (INTL)	1244823	March 12, 2019	69,433	277,732.00
	"P-21-367"	PHILIPPINE AIRLINES (INTL)	1244825	March 12, 2019	12,089	48,356.00
	"P-21-368"	PHILIPPINE AIRLINES (INTL)	1244826	March 12, 2019	102,776	411,104.00
	"P-57-118"	PHILIPPINE AIRLINES (INTL)	1244827	March 12, 2019	63,997	255,988.00
	"P-21-369"	PHILIPPINE AIRLINES (INTL)	1244828	March 12, 2019	7,324	29,296.00
	"P-21-358"	PHILIPPINE AIRLINES (INTL)	1244829	March 12, 2019	103,976	415,904.00
	"P-21-370"	PHILIPPINE AIRLINES (INTL)	1244882	March 12, 2019	9,458	37,832.00
	"P-21-371"	PHILIPPINE AIRLINES (INTL)	1244883	March 12, 2019	3,014	12,056.00
	"P-21-372"	PHILIPPINE AIRLINES (INTL)	1244894	March 12, 2019	10,122	40,488.00
	"P-21-373"	PHILIPPINE AIRLINES (INTL)	1244895	March 12, 2019	15,045	60,180.00
	"P-21-374"	PHILIPPINE AIRLINES (INTL)	1244896	March 12, 2019	22,998	91,992.00
	"P-21-375"	PHILIPPINE AIRLINES (INTL)	1244897	March 12, 2019	121,082	484,328.00
	"P-21-376"	PHILIPPINE AIRLINES (INTL)	1244898	March 12, 2019	7,863	31,452.00
	"P-21-377"	PHILIPPINE AIRLINES (INTL)	1244899	March 12, 2019	315	1,260.00
	"P-21-378"	PHILIPPINE AIRLINES (INTL)	1244929	March 12, 2019	9,690	38,760.00
	"P-21-379"	PHILIPPINE AIRLINES (INTL)	1244930	March 12, 2019	15,586	62,344.00
	"P-21-380"	PHILIPPINE AIRLINES (INTL)	1244931	March 12, 2019	126,023	504,092.00
	"P-21-381"	PHILIPPINE AIRLINES (INTL)	1244932	March 12, 2019	21,806	87,224.00
	"P-21-382"	PHILIPPINE AIRLINES (INTL)	1244936	March 12, 2019	13,841	55,364.00
	"P-21-383"	PHILIPPINE AIRLINES (INTL)	1244937	March 12, 2019	9,006	36,024.00
	"P-21-384"	PHILIPPINE AIRLINES (INTL)	1244963	March 12, 2019	7,244	28,976.00
	"P-21-385"	PHILIPPINE AIRLINES (INTL)	1244978	March 12, 2019	6,897	27,588.00
				TOTAL	**1,117,648**	**₱4,470,592.00**

Ms. Viray detailed petitioner's inventory movement to demonstrate compliance with the *third* requisite, which requires that petroleum products sold to international carriers be stored in a bonded storage tank and disposed of according to regulations.

According to Ms. Viray, the locally produced Jet A-1 fuel is stored in the PBR in Limay, Bataan, and is commingled with imported Jet A-1 fuel under the commingling permit.[147] As for

[147] Docket – Vol. II, p. 780, Exhibit "P-5".

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the imported Jet A-1 fuel, upon release from the BOC's custody, it is stored in the same PBR in Limay, Bataan, and commingled with locally produced Jet A-1 fuel under the commingling permit.

Ms. Viray further explained that from the PBR, the locally produced and imported Jet A-1 fuel is transferred to petitioner's various depots, including those in Clark, Davao, Iloilo, JOCASP/NAIA, Kalibo, Mactan, Palawan, and Tagbilaran.

As to locally manufactured and imported Jet A-1 fuel destined for Kalibo, the same is first transferred from the PBR to the Iloilo Depot and then to Kalibo.

As to locally produced and imported Jet A-1 fuel destined for JOCASP/NAIA, the same is either first transferred from the PBR to the Manila Harbor Terminal/Navotas/Rosario and then later withdrawn for delivery to JOCASP/NAIA or transferred directly from the PBR to JOCASP/NAIA.

The locally produced and imported Jet A-1 fuel from those depots are delivered to tax-exempt entities and international carriers.[148]

Further, the ICPA narrated in her *Report*[149] the process flow[150] from the removal of the locally produced and imported Jet A-1 fuel in the PBR to its subsequent sale to various international carriers and tax-exempt entities.

Regarding **Direct Sales**, the ICPA explained that the PBR sells directly to customers *via* tank truck/vessel, wherein the PBR issues Sales Invoices (SIs) and Delivery Notes (DNs) to the customer.

Upon removal of commingled imported and locally produced Jet A-1 fuel, petitioner will prepare a *Withdrawal Certificate* (WC), which indicates removals in liters as a unit of measurement.

As to **Sales through Terminals**, fuel products from the PBR are transferred to terminals via vessel or tank trucks. Upon removal to the PBR, a WC is prepared in triplicate copies and distributed to the receiving consignee, the BIR, and the petitioner.

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[148] Docket – Vol. I, pp. 209–210, Exhibit "P-30" (Q&A No. 9).
[149] ICPA Report (Exhibit "P-37"), pp. 42–43.
[150] ICPA Report (Exhibit "P-37"), Annexes 10.1 and 10.2.

The PBR updates the SAP system using the WC and generates the *Cargo Outturn Certificate* (COC) report.

Once the vessel or tank trucks arrive at the terminals, Jet A-1 fuel is transferred to storage tanks, and authorized terminal engineers measure the received Jet A-1 fuel and prepare the *Cargo Intake Certificate* (CIC).

The receiving terminals will prepare a monthly internal Manual ORB for the PBR removals that they receive. The monthly internal Manual ORB will account for the movement of removals per terminal and should tally with the total monthly CICs.

Upon the sale of Jet A-1 fuel products, terminals will issue SAP-generated SIs and ADRs to customers.

II. *Entities exempt by law from direct and indirect taxes*

An examination of petitioner's *Schedule of Sales*[151] and Table 23 of the ICPA *Report*[152] reveals that it sold 616,067 liters of imported Jet A-1 fuel and 1,282,001 liters of locally produced Jet A-1 fuel to alleged tax-exempt entities, to wit:

Customer	**Imported Jet A-1 Fuel**	**Locally Produced Jet A-1 Fuel**	**Total**	**Total Excise Tax**
	(volume in liters)	**(volume in liters)**	**(volume in liters)**	
ALPHALAND AVIATION	56,067	66,001	122,068	₱ 488,272.00
LUBWELL CORPORATION	560,000	1,200,000	1,760,000	7,040,000.00
RD FISHING	-	16,000	16,000	64,000.00
Total Volume	**616,067**	**1,282,001**	**1,898,068**	
Multiplied by: Excise Tax Rate	₱4.00	₱4.00	₱4.00	
Excise Taxes Due	**₱2,464,268.00**	**₱5,128,004.00**	**₱7,592,272.00**	**₱7,592,272.00**

To prove that the entities listed above qualify as exempt entities or agencies, petitioner submitted the *Certificates of Registration and Tax Exemption* issued to both Alphaland Aviation – Pampanga, Inc. (a sub-lessee of Alphaland Aviation, Inc.)[153] and Lubwell Corporation.[154]

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[151] Exhibit "P-41", USB.
[152] Exhibit "P-37", pp. 47–49.
[153] Exhibit "P-14-1", USB.
[154] Exhibit "P-14-2", USB.

However, the ICPA noted that these *Certificates* were mere photocopies. Thus, the excise tax payments for sales made to Alphaland Aviation and Lubwell Corporation shall be disallowed. On the other hand, the ICPA disallowed the excise tax payments for sales made to RD Fishing amounting to ₱64,000.00,[155] for failure to verify the excise tax payments. The Court agrees with the ICPA that the same should be disallowed, as no certificate or proof was submitted to establish that RD Fishing qualifies as a tax-exempt entity.

It must be noted, however, that part thereof, or the total amount of ₱1,772,200.00, as detailed below, was previously disallowed due to the failure to substantiate that the excise tax was paid. More specifically, said amount is already included in the earlier finding of ₱384,895,860.00[156] which was disallowed in relation to excise tax payments that could not be traced due to unresolved multiple entries during ICPA's verification and the unavailability of original documents, *viz.*:

Customer	**Imported Jet A-1 Fuel**	**Locally Produced Jet A-1 Fuel**	**Total**	**Total Excise Tax**
	(volume in liters)	**(volume in liters)**	**(volume in liters)**	
ALPHALAND AVIATION	1,049[157]	66,001[158]	67,050	₱ 268,200.00
LUBWELL CORPORATION	-	360,000[159]	360,000	1,440,000.00

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155 16,000 liters at ₱4.00 excise tax rate under Annex 16.9-C, Supplemental ICPA Report (Exhibit "P-73").

156 The breakdown of ₱384,895,860.00 is summarized as follows:

	Volume in Liters	Excise Tax at ₱4.00
Imported	94,467,091.00	₱377,868,364.00
Locally produced	1,756,874.00	7,027,496.00
Total Excise Tax Payments not verified by the ICPA		**₱ 384,895,860.00**

157 Refer to Exhibit "P-21-15601" which is among the ADRs wherein excise tax payments were not yet traced due to unavailability of original documents (*i.e.*, ADRs, Liquidation Statement, COCs, CICs, and WCs); See also Supplemental ICPA Report (Exhibit "P-73"), Annex 16.7-C.

158 Refer to Exhibits "P-21-19028", "P-21-19020", "P-21-19018", "P-21-19031", "P-21-19037", "P-21-19074", "P-21-19104", "P-21-19119", P-21-19124", "P-21-19130", "P-21-19138", "P-21-19145", "P-21-19148", "P-21-19150", "P-21-19158", "P-21-19161", "P-21-19163", "P-21-19167", "P-21-19176", "P-21-19178", "P-21-19214", "P-21-19187", "P-21-19205", "P-21-19195", "P-21-19218", "P-21-19245", "P-21-19260", "P-21-19376", "P-21-19395", "P-21-19397", "P-21-19403", "P-21-19422" which are among the ADRs wherein excise tax payments were not yet traced due to pending resolutions of petitioner for the multiple entries needed for tracing at the time of verification; See also Supplemental ICPA Report (Exhibit "P-73"), Annex 16.10-B.

159 The total 360,000 liters consists of 40,000 liters in relation to ADRs wherein excise tax payments were not yet traced due to pending resolutions of petitioner for the multiple entries needed for tracing at the time of verification while 320,000 liters thereof pertains to ADRs wherein excise tax payments were not yet traced due to unavailability of original documents (i.e., ADRs, Liquidation Statement, COCs, CICs, and WCs), referenced as follows:

RD FISHING	-	16,000[160]	16,000	64,000.00
Total Volume	**1,049**	**442,001**	**443,050**	
Multiplied by: Excise Tax Rate	₱4.00	₱4.00	₱4.00	
Excise Taxes Due	**₱ 4,196.00**	**₱1,768,004.00**	**₱1,772,200.00**	**₱ 1,772,200.00**

Hence, only the additional excise tax on the 1,455,018 liters of Jet A-1 fuel with excise tax payment of ₱5,820,072.00, sold to Alphaland Aviation and Lubwell Corporation, shall be disallowed, *viz.*:

Customer	**Imported Jet A-1 Fuel**	**Locally Produced Jet A-1 Fuel**	**Total**	**Total Excise Tax**
	(volume in liters)	**(volume in liters)**	**(volume in liters)**	
ALPHALAND AVIATION	55,018	-	55,018	₱220,072.00
LUBWELL CORPORATION	560,000	840,000	1,400,000	5,600,000.00
Total Volume	**615,018**	**840,000**	**1,455,018**	
Multiplied by: Excise Tax Rate	₱4.00	₱4.00	₱4.00	
Excise Taxes Due	**₱2,460,072.00**	**₱3,360,000.00**	**₱5,820,072.00**	**₱5,820,072.00**

Petitioner has sufficiently proved that it erroneously paid excise taxes on imported and locally produced Jet A-1 fuel sold to international carriers, but only in the amount of ₱1,097,563,148.00.

To recapitulate, the Court finds that petitioner has duly substantiated excise tax payments in the total amount of ₱1,097,563,148.00 for its imported and locally produced Jet A-1 fuel, as computed below:

Locally Produced Jet A-1 Fuel (volume in liters)	**Total Excise Tax at ₱4.00**	**Reference**
40,000	₱160,000.00	Exhibit P-21-19315 vis-à-vis Supplemental ICPA Report (Exhibit "P-73"), Annex 15.2-b.
320,000	1,280,000.00	Exhibits "P-21-19062", "P-21-19082", "P-21-19084", "P-21-19090", "P-21-19092", "P-21-19094", "P-21-19096", "P-21-19098" vis-à-vis Supplemental ICPA Report (Exhibit "P-73"), Annex 15.2.
360,000	**₱1,440,000.00**	

[160] Refer to Exhibit "P-21-19429" which is among the ADRs wherein excise tax payments were not yet traced due to unavailability of original documents (i.e., ADRs, Liquidation Statement, COCs, CICs, and WCs); See also Supplemental ICPA Report (Exhibit "P-73"), Annex 16.9-C.

PARTICULARS	**IMPORTED**		**LOCALLY PRODUCED**		**TOTAL AMOUNT OF EXCISE TAX**
	Volume in Liters	**Excise Tax at ₱4.00**	**Volume in Liters**	**Excise Tax at ₱4.00**	
Total Claim for Refund	**372,050,744**	**₱1,488,202,976.00**	**2,801,672**	**₱11,206,688.00**	**₱1,499,409,664.00**
Less: Excise Tax Payments not verified by the ICPA	94,467,091	377,868,364.00	1,756,874	7,027,496.00	384,895,860.00
Total Excise Tax Payment traced or verified by the ICPA	**277,583,653**	**₱1,110,334,612.00**	**1,044,798**	**₱ 4,179,192.00**	**₱1,114,513,804.00**
Less: EXCEPTIONS					
Noted by the Court					
International Carriers without valid FACP, CPCN, or Air Service Agreements	(74,839)	(299,356.00)	(5,427)	(21,708.00)	(321,064.00)
ADRs with unreadable details, no destination, and with local destination	(1,530,310)	(6,121,240.00)	(54,422)	(217,688.00)	(6,338,928.00)
ADRs dated prior to the ATRIG dated March 13, 2019	(1,117,648)	(4,470,592.00)	-	-	(4,470,592.00)
Not valid tax-exempt entity	(615,018)	(2,460,072.00)	(840,000)	(3,360,000.00)	(5,820,072.00)
Total Exceptions Noted	**(3,337,815)**	**(13,351,260.00)**	**(899,849)**	**(3,599,396.00)**	**(16,950,656.00)**
Total Substantiated Excise Taxes	**274,245,838**	**₱1,096,983,352.00**	**144,949**	**₱ 579,796.00**	**₱1,097,563,148.00**

WHEREFORE, in light of the foregoing considerations, the present *Petition for Review* is **PARTIALLY GRANTED**.

Accordingly, respondent is **ORDERED TO REFUND** or **ISSUE A TAX CREDIT CERTIFICATE** in favor of petitioner for the amount of **₱1,097,563,148.00**, representing excise taxes erroneously paid on its imported and locally-produced Jet A-1 fuel, subsequently sold and delivered to various international carriers from January 1, 2019 to December 31, 2019.

SO ORDERED.

LANEE S. CUI-DAVID
Associate Justice

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WE CONCUR:

ROMAN G. DEL ROSARIO
Presiding Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

CERTIFICATION

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

ROMAN G. DEL ROSARIO
Presiding Justice

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