REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

SECOND DIVISION

SAN ROQUE POWER CORPORATION, Petitioner,	**C.T.A. CASE NO. 7173**
	Members:
- versus -	**CASTAÑEDA, JR.,** *Chairperson* **UY,** *and* **PALANCA-ENRIQUEZ,** *JJ.*
COMMISSIONER OF INTERNAL REVENUE, Respondent.	**Promulgated:** APR 2 3 2009 2:00 p.m.

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DECISION

CASTAÑEDA, JR., *J*.:

This case involves a claim for refund or issuance of tax credit certificate in the sum of P142,256,438.22, allegedly representing unutilized input value-added tax (VAT) paid on purchases of capital goods and other taxable goods and services for the period covering January 1, 2003 to December 31, 2003.

San Roque Power Corporation (Petitioner) is a domestic corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office at Barangay San Roque, San Manuel, Pangasinan.[1] It was incorporated on October 14, 1997, whose primary purpose is "to design,

[1] Par. 1, Admitted Facts, Joint Stipulation of Facts and Simplification of Issues (JSFSI), Docket, p. 74.

construct, erect, assemble, own, commission, and operate power-generating plants and related facilities pursuant to and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned or controlled corporation, or other entity engaged in the development, supply, or distribution of energy".[2]

Respondent, on the other hand, is the Commissioner of the Bureau of Internal Revenue (BIR) who was duly appointed and empowered to perform the duties of his office, including, among others, the duty to act upon and approve claims for refund or tax credit as provided by law. He holds office at the BIR National Office Building, Diliman, Quezon City.[3]

Petitioner is duly registered as a VAT taxpayer with the BIR and was issued Certificate of Registration No. OCN 98-006-007394 and TIN No. 005-017-501.[4] It is likewise registered with the Board of Investments (BOI) on a preferred pioneer status, to engage in the design, construction, erection, assembly, as well as to own, commission, and operate electric power-generating plants and related activities; for which it was issued Certificate of Registration No. 97-356 on February 11, 1998.[5]

On October 11, 1997, petitioner entered into a Power Purchase Agreement (PPA) with the National Power Corporation (NPC) to develop the hydropotential of the Lower Agno River and generate additional power and energy for the Luzon Power Grid, by building the San Roque Multi-purpose

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[2] Par. 5, Stipulated Facts, JSFSI, Docket, p. 75.
[3] Par. 2, Admitted Facts, JSFSI, Docket, p. 74.
[4] Par. 7, Stipulated Facts, JSFSI, Docket, p. 75.
[5] Par. 8, Stipulated Facts, JSFSI, Docket, p. 76.

Project; an indivisible project consisting of the power station, the dam and spillway, and other related facilities, located in San Manuel, Pangasinan.[6]

The PPA provides, among others, that petitioner shall be responsible for the design, construction, installation, completion, testing and commissioning of the Power Station and shall operate and maintain the same, subject to NPC instructions. During the cooperation period of twenty-five (25) years commencing from the completion date of the Power Station, NPC will take and pay for all electricity available from the Power Station. In other words, the electricity to be generated by the Power Station will be sold to and purchased by NPC in its entirety.[7]

Relative to the construction and development of the San Roque Multi-Purpose Project, petitioner allegedly incurred excess input VAT in the amount of P142,256,438.22, covering the period from January 1, 2003 to December 31, 2003.

During the same period, petitioner purportedly commenced commercial operations and generated sales of electricity to NPC in the amount of P4,870,723,381.00. Petitioner believes that its sales of electricity to NPC qualify for VAT zero-rating under Section 108(B)(3) of the National Internal Revenue Code (NIRC) of 1997 in relation to Section 13 of Republic Act (RA) No. 6395, otherwise known as the NPC Charter.

For the four quarters of 2003, petitioner filed with the BIR its Quarterly VAT Returns, including amendments thereto, reflecting the alleged excess

[6] Pars. 6 and 9, Stipulated Facts, JSFSI, Docket, pp. 75 and 76.
[7] Pars. 11 and 12, Stipulated Facts, JSFSI, Docket, p. 76.

input VAT in the amount of P142,256,438.22 and zero-rated sales of electricity in the amount of P4,870,723,381.02 as follows:

Exh	2003	Zero-rated Sales/Receipts	Output VAT	Input VAT		
				Domestic Purchases	Importation of Goods	Excess
F	1st Qtr	-	P83,676.97	P 18,856,186.54	P 365,795.00	P 19,138,304.57
L	2nd Qtr	P1,081,634,328.00	0.00	27,126,814.46	208,366.00	27,335,180.46
O	3rd Qtr	1,951,602,941.92	0.00	9,925,652.31	3,352,178.50	13,277,830.81
S	4th Qtr	1,837,486,111.10	0.00	82,281,037.38	224,085.00	82,505,122.38
		P4,870,723,381.02	**P83,676.97**	**P138,189,690.69**	**P4,150,424.50**	**P142,256,438.22**

On November 5, 2004, petitioner filed with the BIR four (4) letters claiming refund of the total amount of P142,256,438.22, representing unutilized excess input VAT, as declared in its VAT Returns for the four quarters of 2003 in the sum of P142,256,438.22.[8]

On February 24, 2005, petitioner filed with the BIR an additional claim in the amount of P5,753,120.48, allegedly representing unutilized input VAT for the first quarter of 2003 which was erroneously included in its previous claim for refund covering the period October 1, 2002 to December 31, 2002.[9] However, upon verification that such error was already corrected in its records and that there was no basis for the said additional claim, petitioner filed a letter with the BIR on March 22, 2005 to withdraw the refund claim of P5,753,120.48.[10]

As the two-year prescriptive period within which to file a judicial claim for refund was about to lapse without action on the part of respondent, petitioner elevated its claims before this Court *via* a Petition for Review filed on March 21, 2005, praying for the refund or issuance of tax credit certificate

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[8] Exhibits "U', "V", "W", "X" and "Y".
[9] Exhibit "Y".
[10] Exhibit "Z".

in the amount of P142,256,438.22, representing unutilized input VAT on purchases of capital goods and other taxable goods and services for the period covering January 1, 2003 to December 31, 2003.

In his Answer filed on May 19, 2005, respondent raised the following Special and Affirmative Defenses:

> "4. Petitioner's alleged claim for refund/tax credit is subject to administrative routinary examination/investigation by the Bureau's Revenue District No. 8 in Urdaneta City, Pangasinan.
>
> 5. Petitioner failed miserably to show that the total amount of Php:142,256,438.22 representing excess input VAT on purchases of capital goods and services for the period January 1 to December 31, 2003.
>
> 6. Taxes paid and collected are presumed to have been paid in accordance with law; hence, not refundable.
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> 7. In an action for tax refund/credit, the taxpayer has the burden to establish its right to refund, and failure to sustain the burden is fatal to the claim for refund.
>
> 8. It is incumbent upon petitioner to show that it has complied with the provisions of Section 204 (c) in relation to Section 229 of the Tax Code.
>
> 9. Well-established is the rule that refund/tax credits are construed strictly against the taxpayer as they partake the nature of exemption from tax."

During the trial on the merits, petitioner presented documentary and testimonial evidence. Respondent, on the other hand, submitted this case for decision without presenting any witness.

Upon receipt of the parties' Memoranda, the case was deemed submitted for decision on May 7, 2008.

The issues[11] stipulated by the parties for this Court's resolution are as follows:

> "1. Whether or not Petitioner's sales are subject to VAT at effectively zero percent (0%) rate;
>
> 2. Whether or not Petitioner incurred input taxes which are attributable to its effectively zero-rated transactions;
>
> 3. Whether or not Petitioner's importation and purchases of capital goods and related services are within the scope and meaning of 'capital goods' under Revenue Regulations No. 7-95;
>
> 4. Whether or not Petitioner's input taxes are sufficiently substantiated with VAT invoices or official receipts;
>
> 5. Whether or not Petitioner is entitled to a refund of VAT input taxes claimed."

Petitioner anchors its claim on Sections 112(A) and (B) of the NIRC of 1997 which state as follows:

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

[11] Issues, JSFSI, Docket, pp. 77 and 78.

and entirely attributed to any one of the transactions, it shall be allocated proportionately on the basis of the volume of sales.

(B) Capital Goods. — A VAT-registered person may apply for the issuance of a tax credit certificate or refund of input taxes paid on capital goods imported or locally purchased, to the extent that such input taxes have not been applied against output taxes. The application may be made only within two (2) years after the close of the taxable quarter when the importation or purchase was made."

The afore-quoted provisions allow the refund/tax credit of excess input VAT in two instances, namely: (1) when the excess input VAT is attributable to zero-rated or effectively zero-rated sales; and (2) when the excess input VAT is attributable to capital goods purchased by a VAT-registered person.

As noted by the Court-commissioned auditing firm, Punongbayan and Araullo, in its Report dated December 18, 2006, the input VAT claim of P142,256,438.22 consists of (a) P118,791,024.93 input VAT paid on capital goods purchased; and (b) P23,465,413.29 input VAT incurred on non-capital goods/services, broken down as follows:[12]

2003	Per Return	Capital Goods	Non-capital goods/services
January	P 8,376,552.05	P 7,107,311.52	P 1,269,240.53
February	5,941,941.02	5,389,717.61	552,223.41
March	4,819,811.50	3,514,692.90	1,305,118.60
Subtotal	**P 19,138,304.57**	**P 16,011,722.03**	**P 3,126,582.54**
April	P 10,771,389.83	P 9,693,940.97	P 1,077,448.86
May	11,521,557.23	1,432,711.11	10,088,846.12
June	5,042,233.40	2,969,322.23	2,072,911.17
Subtotal	**P 27,335,180.46**	**P 14,095,974.31**	**P 13,239,206.15**
July	P 4,409,756.66	P 3,749,735.35	P 660,021.31
August	5,255,298.60	2,898,474.21	2,356,824.39
September	3,612,775.55	2,591,365.69	1,021,409.86
Subtotal	**P 13,277,830.81**	**P 9,239,575.25**	**P 4,038,255.56**

[12] Exhibit "PP-27".

October	P 2,440,219.14	P 1,205,337.58	P 1,234,881.56
November	78,160,805.76	76,922,800.49	1,238,005.27
December	1,904,097.48	1,315,615.27	588,482.21
subtotal	82,505,122.38	79,443,753.34	3,061,369.04
Total	**P 142,256,438.22**	**P 118,791,024.93**	**P 23,465,413.29**

The Court shall rule first on petitioner's claim in the amount of P118,791,024.93, representing alleged input VAT paid on capital goods purchased.

Pursuant to the earlier quoted provisions of Section 112(B) of the NIRC of 1997, in order to be entitled to a refund/tax credit of input VAT paid on capital goods purchased, petitioner must prove the following:

1. that it is a VAT-registered entity;
2. that input taxes were paid on capital goods imported or locally purchased;
3. that such input taxes were not applied against any output VAT liability; and
4. that the claim for refund was filed within the two-year prescriptive period.

The fact that petitioner is a VAT-registered entity is admitted.[13] It was also established that the instant claim of P142,256,438.22 (including the P118,791,024.93 input VAT claim on capital goods purchases) is already net of the P83,676.97 output tax declared by petitioner in its amended Quarterly VAT Return for the first quarter of 2003.[14] Moreover, the entire amount of P142,256,438.22 was deducted by petitioner from the total available input tax reflected in its Quarterly VAT Return for the fourth quarter of 2004.[15] This means that the claimed input VAT of P142,256,438.22 did not form part of the excess input VAT of P31,976,709.88 as of the end of the fourth quarter of 2004 that was to be carried-over to the succeeding quarters.

[13] Par. 7, Stipulated Facts, JSFSI, Docket, p. 75.
[14] Exhibit "F".
[15] Exhibit "NN".

Further, petitioner's claim for refund/tax credit of excess input VAT was seasonably filed both in the administrative and judicial levels. Pursuant to Section 112(B) of the NIRC of 1997, the reckoning of the two-year prescriptive period for the filing of a claim for input VAT refund starts from the close of the taxable quarter when the importation or purchase was made. Counting from March 31, 2003, June 30, 2003, September 30, 2003 and December 31, 2003, the close of each of the subject taxable quarters of 2003, petitioner had until March 31, 2005, June 30, 2005, September 30, 2005 and December 31, 2005 within which to file its claim both in the administrative and judicial levels. Therefore, the four (4) letter claims for refund filed with the BIR on November 5, 2004[16] and the Petition for Review filed on March 21, 2005, fall within the two-year prescriptive period.

In order to prove that it actually incurred input taxes in the amount of P118,791,024.93, petitioner submitted various suppliers' VAT invoices, official receipts, Bureau of Customs (BOC) Import Entries and Internal Revenue Declarations, and BOC or banks' official receipts.[17] An examination of these documents reveals that out of the total claim of P118,791,024.93, only the amount of P118,090,891.48 represents petitioner's valid input tax while the remaining amount of P700,133.45 shall be disallowed for the following reasons:

[16] Exhibits "U', "V", "W", "X" and "Y".
[17] Exhibits "PP-4-A1" to "PP-4-A417", "PP-4B1" to "PP-4B301", "PP-4-C1" to "PP-4-C389", "PP-4-D1" to "PP-4-D389", "PP-4-E1" to "PP-4-E306", "PP-4-F1" to "PP-4-F396", "PP-4-G1" to "PP-4-G466", "PP-4-H1" to "PP-4-H279", "PP-4-I1" to "PP-4-I393", "PP-4-J1" to "PP-4-J482", "PP-4-K1" to "PP-4-K357", and "PP-4-L1" to "PP-4-L409".

Name of Supplier	Inv. No.	Exhibit	OR No.	Exhibit	Input VAT
1.) Purchases of services supported by official receipts not in the name of petitioner in violation of Sections 113 and 237 of the NIRC of 1997 & Section 4.108-1 of Rev. Reg. 7-95					
F. Gutierrez Corporation	239	PP-4-E112	300	PP-4-E111	P 35,243.57
F. Gutierrez Corporation	270	PP-4-G175	417	PP-4-G174	14,440.91
F. Gutierrez Corporation	269	PP-4-G177	417	PP-4-G174	20,023.47
F. Gutierrez Corporation	337	PP-4-K155	450	PP-4-K154	2,052.55
F. Gutierrez Corporation	331	PP-4-K156	450	PP-4-K154	3,662.01
F. Gutierrez Corporation	335	PP-4-K157	450	PP-4-K154	3,528.83
F. Gutierrez Corporation	336	PP-4-K158	450	PP-4-K154	5,533.52
F. Gutierrez Corporation	343	PP-4-K160	451	PP-4-K159	10,633.20
F. Gutierrez Corporation	348	PP-4-K161	451	PP-4-K159	9,449.09
F. Gutierrez Corporation	333	PP-4-K162	451	PP-4-K159	7,086.02
F. Gutierrez Corporation	349	PP-4-K163	451	PP-4-K159	1,866.25
F. Gutierrez Corporation	338	PP-4-K165	451	PP-4-K159	16,301.72
F. Gutierrez Corporation	365	PP-4-L171	458	PP-4-L170	4,730.71
F. Gutierrez Construction	223	PP-4-D151	292	PP-4-D149	12,171.00
				subtotal	**P 146,722.85**
2.) Purchases of services without supporting official receipts in violation of Section 110(A)(1)(b) in relation to Sections 113 and 237 of the NIRC of 1997 and Section 4.108-1 of RR 7-95					
Harza Engineering					P 176,332.78
Harza Engineering					178,567.35
				subtotal	**P 354,900.13**
3.) Not included per "Schedule of Input VAT Paid on Local Purchases With Original and Appropriate Supporting Documents" (Exhibit PP-4)					
F. Gutierrez Construction	267	PP-4-G175	417	PP-4-G174	P 5,562.07
Raytheon Ebasco Overseas Ltd.	233	PP-4-B208	460	PP-4-B207	8,533.34
F. Gutierrez Construction	121	PP-4-C138	291	PP-4-C-137	3,596.55
F. Gutierrez Construction	220	PP-4-C140	288	PP-4-C139	180,818.51
				subtotal	**P 198,510.47**
				Total	**P 700,133.45**

Anent petitioner's averment that the substantiated input VAT claim of P118,090,891.48 pertains to capital goods purchases, petitioner maintains that since its existence and sole purpose is for the production of electricity for sale to NPC, all input VAT incurred by and passed on to petitioner to build and construct the San Roque Multi-Purpose Project, such as the engineering and procurement services, the building of the dam and spillway, and the design services are in the nature of input taxes paid on capital goods pursuant to Section 4.106-1 of Revenue Regulations No. 7-95, which states:

"**SECTION. 4.106-1. Refunds or tax credits of input tax**. — xxx

xxx xxx xxx

(b) **Capital Goods** — xxx

xxx xxx xxx

'Capital goods or properties' refer to goods or properties with estimated useful life greater than one year and which are treated as depreciable assets under Section 29(f), used directly or indirectly in the production or sale of taxable goods or services."

According to petitioner, the pertinent rules on Property, Plant and Equipment based on International Accounting Standards (IAS) 16 provides:

"***6. Definitions***

Property, plant and equipment are tangible assets that:

(a) are held by an enterprise for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and

(b) are expected to be used during more than one period.

xxx xxx xxx

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

xxx xxx xxx

Recognition of Property, Plant and Equipment

7. An item of property, plant and equipment should be recognized as an asset when:

(a) it is probable that future economic benefits associated with the asset will flow to the enterprise; and

(b) the cost of the asset to the enterprise can be measured reliably.

xxx xxx xxx

Initial Measurement of Property, Plant and Equipment

14. An item of property, plant and equipment which qualifies for recognition as an asset should initially be measured at its cost.

Components of Cost

15. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing the asset to working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Examples of directly attributable costs are:

(a) the cost of site preparation;
(b) initial delivery and handling costs;
(c) installation costs;
(d) professional fees such as for architects and engineers; and
(e) the estimated cost of dismantling and removing the asset and restoring the site, to the extent that it is recognized as a provision under IAS37, Provisions 'Contingent Liabilities and Contingent Assets'."

Indeed, based on the foregoing International Accounting Standards (IAS) 16, petitioner's power plant and related facilities such as the dam and spillway can be classified as capital assets under Property, Plant and Equipment account. Therefore, all costs directly related to the building and construction thereof such as engineering and design services fall within the meaning and scope of capital goods under Section 4.106-1 of Revenue Regulations No. 7-95.

However, records disclose that out of the total input tax claim of P118,791,024.93, only P114,206,996.82 is properly attributable to petitioner's purchases of capital goods and formed part of the Property, Plant and

Equipment account shown in its 2003 Audited Financial Statements.[18] The purchases related to the remaining balance of P4,584,028.12[19], although recorded under Property, Plant and Equipment account, are not in the nature of capital goods as these pertain to non-capitalizable transactions such as payments for curtain rods, security guards' services, advertising expenses, lease and service of portalets, safety shoes, etc.

Nonetheless, out of this remaining balance of P4,584,028.12, petitioner may claim the amount of P4,579,228.12 which was incurred during its commercial operations that started May 1, 2003. Thus, petitioner's entitlement to the input tax of P4,579,228.12 shall be evaluated together with petitioner's claimed amount of P23,465,413.29[20], allegedly representing input tax on non-capital goods/services attributable to effectively zero-rated sales to NPC.

Section 112(A) of the NIRC of 1997 allows the refund/tax credit of input tax attributable to zero-rated or effectively zero-rated sales subject to the taxpayer's compliance with the following requisites:

1) there must be zero-rated or effectively zero-rated sales;
2) that input taxes were incurred or paid;
3) that such input taxes are directly attributable to zero-rated or effectively zero-rated sales;
4) that the input taxes were not applied against any output VAT liability; and
5) that the claim for refund was filed within the two-year prescriptive period. gr

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[18] Exhibit "T", Notes to Financial Statements, pages 4, 5 and 9.
[19] Exhibit "PP", page 10, Exhibits "PP-27-1" , "PP-27-8" to "PP-27-15".
[20]

Total Claim Per Petition for Review	P142,256,438.22
Less: Input Tax Claim on Capital Goods Purchases	118,791,024.93
Input Tax Claim on Non-Capital Goods/Services	P 23,465,413.29

Anent the first requisite, the Court agrees with petitioner that its sale of electricity to NPC is effectively zero-rated pursuant to Section 108(B)(3) of the NIRC of 1997 in relation to Section 13 of Republic Act No. 6395, as amended by Presidential Decree Nos. 380 and 938, which are quoted hereunder for easy reference:

> "**SEC. 108. Value-Added Tax on Sale of Services and Use or Lease of Properties**.
>
> xxx xxx xxx
>
> **(B) Transactions Subject to Zero Percent (0%) Rate.** — The following services performed in the Philippines by VAT-registered persons shall be subject to zero percent (0%) rate:
>
> xxx xxx xxx
>
> (3) Services rendered to persons or entities **whose exemption under special laws** or international agreements to which the Philippines is a signatory **effectively subjects the supply of such services to zero percent (0%) rate**; (*Emphasis supplied*)
>
> "**SEC. 13. Non-profit Character of the Corporation, Exemption from All Taxes, Duties, Fees, Imposts and Other Charges by the Government and Government Instrumentalities**. — The Corporation shall be non-profit and shall devote all its returns from its capital investments, as well as excess revenues from its operation, for expansion. To enable the Corporation to pay its indebtedness and obligations and in furtherance of effective implementation of the policy enunciated in Section One of this Act, **the Corporation, including its subsidiaries, is hereby declared exempt from the payment of all forms of taxes**, duties, fees, imposts as well as costs and service fees including filing fees, appeal bonds, supersedeas bonds, in any court or administrative proceedings." (*Emphasis supplied*)

This Court has consistently held that NPC is an entity with a special charter, which categorically makes it exempt from payment of all taxes, whether direct or indirect, including VAT. Hence, by virtue of the said charter, services rendered by a VAT registered entity like herein petitioner to

NPC are effectively subject to zero percent (0%) VAT in accordance with Section 108(B)(3) of the NIRC of 1997.

Moreover, the Supreme Court, in its Resolution dated June 8, 1993, affirmed NPC's tax exemption in the case of ***Maceda vs. Macaraig, Jr.***[21], in the following manner:

> "A chronological review of the NPC laws will show that it has been the lawmaker's intention that the NPC was to be completely tax-exempt from all forms of taxes — direct or indirect.
>
> xxx xxx xxx
>
> One common theme in all these laws is that the NPC must be enabled to pay its indebtedness which, as of P.D. No. 938 was P12 Billion in total domestic indebtedness, at any one time, and US$4 Billion in total foreign loans at any one time. The NPC must be and has to be exempt from all forms of taxes if this goal is to be achieved."

Further, R.A. No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001[22], specifically Section 6 thereof, as well as its Implementing Rules and Regulations (IRR)[23] confirmed the zero-rated nature of the sale of generated power by generation companies to NPC.[24]

Likewise, petitioner was granted a Certificate for Zero-Rate by respondent Commissioner, through the Chief of Regulatory Operations Monitoring Division, now the Audit Information, Tax Exemption and Incentive Division, covering the year 2003.[25]

In its 2003 Quarterly VAT Returns, petitioner's declared zero-rated sales/receipts amounted to P4,870,723,381.02, broken down as follows:

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[21] 223 SCRA 217.
[22] took effect on June 26, 2001.
[23] took effect on March 22, 2002.
[24] Mindanao I Geothermal Partnership vs. Commissioner of Internal Revenue, CTA Case No. 6788, October 13, 2005.
[25] Par. 15, Stipulated Facts, JSFSI, Docket, p. 77.

Exhibit	2003	Zero-Rated Sales/Receipts
F	1st Quarter	P -
L	2nd Quarter	1,081,634,328.00
O	3rd Quarter	1,951,602,941.92
S	4th Quarter	1,837,486,111.10
		P 4,870,723,381.02

On the other hand, petitioner's claimed input tax on non-capital goods/services attributable to effectively zero-rated sales amounted to P23,465,413.29, broken down as follows:

2003	Input Tax Claim on Non-capital goods/services
January	P 1,269,240.53
February	552,223.41
March	1,305,118.60
subtotal	**P 3,126,582.54**
April	P 1,077,448.86
May	10,088,846.12
June	2,072,911.17
subtotal	**P 13,239,206.15**
July	P 660,021.31
August	2,356,824.39
September	1,021,409.86
subtotal	**P 4,038,255.56**
October	P 1,234,881.56
November	1,238,005.27
December	588,482.21
subtotal	3,061,369.04
Total	**P 23,465,413.29**

The claimed input taxes of P3,126,582.54 and P1,077,448.86 for the first quarter of 2003 and for the month of April 2003, respectively, totaling P4,204,031.40 shall be denied outright inasmuch as petitioner started operations only in May 2003 and had no zero-rated sales/receipts for the first quarter of 2003 and for the month of April 2003 to which the said input taxes could be attributed. It is clear from Section 112(A) of the NIRC of 1997 that the refund/tax credit of input tax is premised on the existence of zero-rated or effectively zero-rated sales.

Therefore, only the input tax incurred for the period covering May 1, 2003 to December 31, 2003 in the amounts of P4,579,228.12 (balance of the claimed input tax on capital goods purchases) and P19,261,381.89 (P23,465,413.29 less P4,204,031.40) or in the sum of P23,840,610.01, may be the proper subject of a claim for refund/tax credit under Section 112(A) of the NIRC of 1997.

In support of its declared zero-rated sales/receipts for the period May 2003 to December 2003, petitioner presented official receipts, invoices, confirmation letters and bank statements[26], which were summarized in *Exhibit "PP-24"*. Upon perusal of these documents, the Court finds that out of the declared zero-rated receipts of P4,870,723,381.02, only the amount of P170,000,000.00 is duly supported by VAT zero-rated official receipts in accordance with Section 113(A) and Section 108(C) of the NIRC of 1997, in relation to Section 4.108-1 of Revenue Regulations No. 7-95. The amount of P170,000,000.00 is detailed as follows:

Exhibit	OR No.	OR Date	Zero-Rated Receipts
PP-24-7	183	06/27/03	P 17,000,000.00
PP-24-15	185	07/28/03	21,250,000.00
PP-24-23	186	08/27/03	21,250,000.00
PP-24-31	187	09/25/03	21,250,000.00
PP-24-39	188	10/27/03	21,250,000.00
PP-24-47	189	11/28/03	21,250,000.00
PP-24-55	190	12/29/03	21,250,000.00
PP-24-63	194	01/26/04	21,250,000.00
PP-24-70	195	02/27/04	4,250,000.00
		Total	**P 170,000,000.00**

[26] Exhibits "PP-24-1" to "PP-24-71".

Considering that petitioner failed to substantiate all its zero-rated sales with the required documentary evidence, only the allowable input tax pertaining to the duly substantiated zero-rated sales may be refunded.

Now, on the issue of whether or not petitioner's claimed input tax of P23,840,610.01 attributable to effectively zero-rated sales is duly supported by pertinent documents, an examination of the suppliers' VAT invoices, official receipts, Bureau of Customs (BOC) Import Entries and Internal Revenue Declarations, BOC or banks' official receipts[27], and the Report of the Court-commissioned Independent CPA[28] showed that only the amount of P19,604,741.68 represents petitioner's valid claim, pursuant to Sections 110(A) and 113(A) of the NIRC of 1997, as implemented by Sections 4.104-1, 4.104-5, and 4.108-1 of Revenue Regulations No. 7-95. The remaining input taxes of P4,235,868.33[29] shall be denied for the following reasons:

	Nature	Exhibit	Amount
a.	Input VAT on importations with no original suppliers' invoices, import declarations and/or BOC or banks' official receipts on file	PP-9	P1,522,511.50
b.	Input VAT on purchases which were claimed twice	PP-10	638,591.86
c.	Purchase of services are supported by photocopy of suppliers' VAT official receipts and/or original invoices	PP-11	607,163.58
d.	Original and/or photocopy of suppliers' VAT invoices and official receipts were not found on file	PP-12	287,163.69
e.	Purchases of goods whcih are supported by photocopy of suppliers' VAT invoices and/or original official receipts	PP-13	286,677.97

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[27] Exhibits "PP-4-A1" to "PP-4-A417", "PP-4B1" to "PP-4B301", "PP-4-C1" to "PP-4-C389", "PP-4-D1" to "PP-4-D389", "PP-4-E1" to "PP-4-E306", "PP-4-F1" to "PP-4-F396", "PP-4-G1" to "PP-4-G466", "PP-4-H1" to "PP-4-H279", "PP-4-I1" to "PP-4-I393", "PP-4-J1" to "PP-4-J482", "PP-4-K1" to "PP-4-K357", and "PP-4-L1" to "PP-4-L409".
[28] Exhibit "PP".
[29] See Annex "A", for details.

f.	BIR permit number of the printers of the suppliers' VAT invoices and/or official receipts are not indicated in the suppliers' VAT invoices and/or official receipts	PP-14	269,145.78
g.	Dates indicated on the suppliers' VAT invoices and/or official receipts are not within the period covered by the application for tax credit certificate/refund	PP-15	9,303.74
h.	Original suppliers' invoices and/or official receipts on file are not dated	PP-16	129,283.02
i.	TIN indicated on the suppliers' VAT invoices are not the same as the TIN indicated on the corresponding official receipts	PP-17	88,636.35
j.	Purchase of goods and/or services from non-VAT entities	PP-18	44,700.23
k.	Errors in the computation of input VAT on local purchases	PP-19	18,715.73
l.	Suppliers' VAT invoices and/or official receipts are not under the name of the Company	PP-20	4,147.98
m.	Certain information indicated in the suppliers' VAT invoices and/or official receipts were altered	PP-21	1,554.06
n.	BIR permits numbers of suppliers' VAT invoices and/or official receipt are not within the range of printed BIR permit period	PP-22	181.81
o.	Excess of claim over Amended VAT Returns	PP-23	1,847.84
p.	Input VAT on purchases of automobiles	PP-26	326,243.19
Total amount of VAT paid with incomplete documents and other exceptions			**P 4,235,868.33**

Proceeding therefrom, out of the substantiated input taxes of P19,604,741.68 , only the input taxes of P684,252.79 can be attributed to the zero-rated sales of P170,000,000.00 that have been duly substantiated by VAT zero-rated official receipts, computed as follows:

Substantiated Zero-Rated Sales	P 170,000,000.00
Divided by Total Reported Zero-Rated Sales	÷ 4,870,723,381.02
Multiplied by Substantiated Excess Input VAT	x 19,604,741.68
Input VAT attributable to Substantiated Zero-Rated Sales	**P 684,252.79**

Lastly, it was established that the input taxes of P684,252.79 were not applied against any output VAT liability during the period of claim and in the succeeding quarters. Also, the said claim was filed within the two-year prescriptive period reckoned from the close of the second, third, and fourth taxable quarters of 2003.

In sum, petitioner has sufficiently proven that it is entitled to a refund or issuance of tax credit certificate of its unutilized input taxes which are attributable to its capital goods purchases and effectively zero-rated sales of electricity to NPC for the period covering January 1, 2003 to December 31, 2003, but in the reduced amount of P114,191,116.15, computed as follows:

	Capital Goods	Non-Capital Goods/Services	Total
Amount of Claim	P118,791,024.93	P23,465,413.29	P142,256,438.22
Add/(Less):			
a. Input VAT claim on capital goods purchases which are not duly supported by VAT official receipts	(700,133.45)		(700,133.45)
a. Input VAT, the related purchases of which are not in the nature of capital goods	(4,584,028.12)		(4,584,028.12)
b. Input VAT claim on capital goods, the related purchases of which are not in the nature of capital goods but are attributable to effectively zero-rated sales		4,579,228.12	4,579,228.12
c. Input VAT claim on non-capital goods/services which could not be attributed to effectively zero-rated sales		(4,204,031.40)	(4,204,031.40)
d. Input VAT claim on non-capital goods/services which are not duly substantiated by VAT invoices, official receipts, BOC import declarations/official receipts, etc.		(4,235,868.33)	(4,235,868.33)
Valid Input VAT	P 113,506,863.36	P19,604,741.68	P133,111,605.04
Less: Input VAT attributable to			

unsubstantiated zero-rated sales (P19,604,741.68 less P684,252.79)		(18,920,488.89)	(18,920,488.89)
Refundable Input VAT	**P113,506,863.36**	**P 684,252.79**	**P114,191,116.15**

WHEREFORE, premises considered, the instant **PETITION FOR REVIEW** is hereby **PARTIALLY GRANTED**. Accordingly, respondent Commissioner of Internal Revenue is hereby **ORDERED TO REFUND** or **TO ISSUE TAX CREDIT CERTIFICATE** in the amount of **ONE HUNDRED FOURTEEN MILLION ONE HUNDRED NINETY ONE THOUSAND ONE HUNDRED SIXTEEN PESOS AND 15/100 (P114,191,116.15)** in favor of petitioner, representing unutilized excess input taxes attributable to capital goods purchases and effectively zero-rated sales to NPC for the period covering January 1, 2003 to December 31, 2003.

SO ORDERED.

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

WE CONCUR:

ERLINDA P. UY
Associate Justice

OLGA PALANCA-ENRIQUEZ
Associate Justice

ATTESTATION

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

JUANITO C. CASTAÑEDA, JR.
Associate Justice
Chairperson

CERTIFICATION

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

ERNESTO D. ACOSTA
Presiding Justice

SAN ROQUE POWER CORPORATION
vs. COMMISSIONER OF INTERNAL REVENUE
CTA CASE NO. 7173
DISALLOWED INPUT VAT CLAIM ON
NON-CAPITAL GOODS/SERVICES

Name of Supplier	Exhibits		Input VAT
a. Input VAT on importations with no original suppliers' invoices, import declarations and/or BOC OR, banks' official receipts on file *(Exhibit PP-9)*			
August			
Bureau of Customs		P	20,452.00
United Engineers Int'l Inc.	PP-4-H279		1,053,263.00
United Engineers Int'l Inc.	PP-4-H279		198,085.00
September			
Barcodes, Inc.	PP-4-1384		3,421.00
DHL Worldwide Express (Phils.) Corp.			52,849.00
Exmart International	PP-4-1389		22,276.00
Lubrication Engineers, Inc.	PP-4-1392, PP-4-1391		4,817.50
November			
Bureau of Customs			49,611.00
Bureau of Customs			58,675.00
December			
Bermont Express Int'l			59,062.00
Subtotal		**P**	**1,522,511.50**
b. Input VAT on purchases which were claimed twice *(Exhibit PP-10)*			
May			
Basepoint Corp.	PP-4-F40, PP-4-F38	P	10,622.73
Technology Specialist Inc.	PP-4-F354, PP-4F353		66,395.23
Technology Specialist Inc.	PP-4-F356, PP-4-F355		66,395.23
Trends & Technologies Inc.	PP-4-C329, PP-4-C328		81,889.41
Trends & Technologies Inc.	PP-4-D313, PP-4-D312		7,667.85
Trends & Technologies Inc.	PP-4-B239, PP-4-B238		28,183.61
Trends & Technologies Inc.	PP-4-C331, PP-4-C330		12,582.29
Trends & Technologies Inc.	PP-4-C332, PP-4-C330		29,069.58
June			
Basepoint Corp.	PP-4-F40, PP-4-F39		10,622.73
July			
DHL Worldwide Express Corp.	PP-4-F100, PP-4-F97		3,192.74
August			
Northwell Corp.	PP-4-J464, PP-4-J463		136,363.64
September			
Infosoft Int'l Solutions, Inc.	PP-4-I183, PP-4-I182		38,925.00
October			
Ad En Wear Marketing	PP-4-J148, PP-4-J147		10,318.18
Northwell Corporation	PP-4-H165, PP-4-H164		136,363.64
Subtotal		**P**	**638,591.86**

Name of Supplier	Exhibits		Input VAT
c. Purchases of services are supported by photocopy of suppliers' VAT official receipts and/or original invoices *(Exhibit PP-11)*			
May			
Compass Inc.	PP-4-E35, PP-4-E34	P	400.00
Infosoft Int'l Solutions Inc.	PP-4-E152		7,785.00
June			
Harza Eng'g Co. Int'l	PP-4-F183		46,457.83
Infosoft Int'l Solutions Inc.	PP-4-F193		23,112.13
Sky Internet	PP-4-F329, PP-4-F326-A		78.28
Sky Internet	PP-4-F331, PP-4-F-326-B		274.60
Sky Internet	PP-4-F328, PP-4-F327-A		317.60
Sky Internet	PP-4-F330, PP-4-F327-B		200.00
Tyco Integrated System Phils	PP-4-F368, PP-4-F367		190,872.12
July			
CE reim-Don Henrico's	PP-4-G67		46.91
Sky Internet	PP-4-G265, PP-4-G268-C		221.40
Sky Internet	PP-4-G266, PP-4-G268-A		81.50
Sky Internet	PP-4-G267, PP-4-G268-B		272.90
Sky Internet	PP-4-G270, PP-4-G269-A		550.56
Sky Internet	PP-4-G271, PP-4-G269-B		300.10
Sky Internet	PP-4-G272, PP-4-G269-C		20.00
Tam-Yap & Associates	PP-4-G300		65,057.11
August			
AC & R Engineering	PP-4-H4		890.91
CE reim-Data Core Comp Systems	PP-4-H27		497.36
CE reim-Ride Generation Cars Accessories	PP-4-H26		45.45
Phil Comm Satellite Corp	PP-4-H168		4,665.48
Power Service Providers Inc.	PP-4-H189, PP-4-H188		221,020.53
September			
Bitstop Inc.	PP-4-I48		600.00
Phil Comsat Corp	PP-4-I247		4,670.50
Veritas Research Dev Institute	PP-4-I356		33,272.73
October			
CE-Toyota Pasong Tamo, Inc.	PP-4-J60		48.00
Philippine Comm Satellite Corp	PP-4-J427		4,671.94
November			
Mongkok Express (Rhona)	PP-4-K290-B		17.27
PCF-Global Res. Concepts	PP-4-K344		604.74
PCF-WWW Express	PP-4-K345		7.27
Sta. Monica, Conception (Rhona)	PP-4-K318		14.91
December			
RA-Wenphil Corp.	PP-4-L301-B		88.43
Subtotal		**P**	**607,163.58**
d. Original and/or photocopy of suppliers' VAT invoices and official receipts were not found on file *(Exhibit PP-12)*			
May			
Compass Inc.		P	1,450.91
EE reim (Jollibee Foods)			123.64
Harza Engineering Co			169,068.02
Sky Internet			129.11

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607

Name of Supplier	**Exhibits**	**Input VAT**
Trends & Technologies Inc		8,707.30
Venflor Enterprises Inc.		34.09
June		
DHL Worldwide Express Corp		572.64
Reinoso Amparo		8,571.43
Sky Internet		54.11
July		
Cytel Phil. Enterprises		672.73
Cytel Phil. Enterprises		627.27
John Clements Consultants, Inc.		5,000.00
John Clements Consultants, Inc.		5,000.00
Makati Shangrila		2,954.55
August		
PCF-Makati		7.27
Reinoso Amparo		8,571.43
Samid Electronics		4,991.27
Sky Internet		20.00
Sky Internet		22.70
VQM reimb		679.30
September		
Ad En Wear Marketing		1,090.91
Electro Masters Corp		1,590.91
PFD Esguerra Ent		10,800.00
J. Tancio Enterprises Inc.		233.18
Julieto R. Marco		4,854.55
Mercan Trading		4,472.73
Reinoso Amparo		8,571.43
R/T Lim Enterprises		363.64
Royal Star Aviation		12,366.82
Showers of Blessings		1,363.64
Sky Internet		236.20
Sky Internet		389.50
Sky Internet		77.30
World Trade Institute		181.82
October		
Amparo Reinoso		8,571.43
JSO Phils.		(904.60)
Knowledge Institute		545.45
Metrowatt Power Corp.		(15,468.64)
Miles Pharma, Inc.		(1,092.41)
PCF-Mercan Trading		15.00
Sky Internet		489.02
Reena-reimb		345.45
W. Blankenship		50.45
November		
Reinoso Amparo		8,571.43
French Baker (Rhona)		46.00
Makati Parking Authority Inc. (Rhona)		2.73
PCF-WWW Express		7.27
December		
Bitstop, Inc.		318.18
DHL-Phils		275.73
DHL-Phils		226.36
Marsh Philippines Inc		4,781.20
Philcomsat		4,697.87
Reinoso Amparo		8,571.43

Name of Supplier	Exhibits		Input VAT
Sky Internet			3,263.96
Subtotal		P	**287,163.69**

e. **Purchases of goods which are supported by photocopy of suppliers' VAT invoices and/or original official receipts *(Exhibit PP-13)***

Name of Supplier	Exhibits		Input VAT
June			
ER reimb(Balikbayan Handicrafts)	PP-4-F152	P	4,090.91
Technology Specialist, Inc.	PP-4-F354, PP-4-F353		68,253.97
Technology Specialist, Inc.	PP-4-F356, PP-4-F355		68,253.97
VQM reimb(Magic Club Inc)	PP-4-F474		221.23
VQM reimb(Chimes Enterprise)	PP-4-F378, PP-4-F377		45.45
July			
RF Trading & Distrib Corp	PP-4-G360-A, PP-4-G359		56.82
RF Trading & Distrib Corp	PP-4-G360-BPP-4-G359		45.45
VQM reim (Speed Computer Sales & Serv)	PP-4-G427		90.91
August			
VQM reimb (Binalonan Alfosos Trading)	PP-4-H250		4,048.09
VQM reimb (I.L. Loveranes Merch)	PP-4-H249		13,772.27
VQM reimb (I.L. Loveranes Merch)	PP-4-H257-A		5,421.82
VQM reimb (Prime Mktg & Gen Merch)	PP-4-H248		2,090.91
September			
Ad En Wear Marketing	PP-4-I11		42,181.82
EN reimb (Ford Makati)	PP-4-I143		209.09
Forsanz Enterprises	PP-4-I172		874.09
PCF-Mkt-Microbase Inc.	PP-4-I231		85.00
VQM reimb(I.L Loveranes Merch)	PP-4-1359		2,938.82
VQM reimb(I. L Loveranes Merch)	PP-4-I358		1,210.91
VQM reimb(I. L Loveranes Merch)	PP-4-I360		4,635.73
VQM reimb(I. L Loveranes Merch)	PP-4-I361		9,453.18
VQM reimb (Magiclub Inc)	PP-4-I366		240.02
VQM reimb (Magiclub Inc)	PP-4-I369		7.05
VQM reimb (Magiclub Inc)	PP-4-I368		259.13
October			
Core Automotive Resources, Inc.	PP-4-J375-B		236.36
LR Fajardo Trading	PP-4-J369-A		94.55
PCF-JA-Metro Page Turner Marketing Inc.	PP-4-J423		4.55
VQM-I.L Loveranes Merchandising	PP-4-J318		3,621.73
VQM-Magiclub Incorporated	PP-4-J316		215.67
November			
Han Gang Foam and Chemical Corp (VQM)	PP-4-K333		422.39
I.L. Loveranes Merchandising (VQM)	PP-4-K334		34,273.45
December			
CM reimb-Rustan Supercenter, Inc.	PP-4-L50-B		26.82
CM reimb-BL Convenience Store	PP-4-L44-B		33.84
PCF-Mkt(RF Trading)	PP-4-L262		34.09
PCF-Mkt(RF Trading)	PP-4L264-A		45.45
PCF-Mkt(RF Trading)	PP-4-L263		45.45
PCF-Mkt(RF Trading)	PP-4-L259		22.73
RA-Xentrex Automotive, Inc.	PP-4-L307-B		213.18
VQM-I.L Loveranes Merchandising	PP-4-L388		18,867.91
VQM-Magiclub Incorporated	PP-4-L358-B		3.16
VQM-Speed Computer Sales and Services	PP-4-L356		30.00
Subtotal		P	**286,677.97**

609

	Name of Supplier	Exhibits		Input VAT
f.	**BIR permit numbers of the printers of the suppliers' VAT invoices and/or official receipts are not indicated in the suppliers' invoices and/or official receipts *(Exhibit PP-14)***			
	May			
	Ford Makati	PP-4-E129, PP-4-E128	P	84,545.45
	MA reimb(Mail More Bus Serv Inc)	PP-4-E185		4.50
	Newton Hardware & Lumber	PP-4-E216, PP-4-E215		1,818.18
	Newton Hardware & Lumber	PP-4-E217, PP-4-E215		1,818.18
	Newton Hardware & Lumber	PP-4-E213, PP-4-E212		1,909.09
	Newton Hardware & Lumber	PP-4-E214, PP-4-E212		1,909.09
	June			
	AC & R Engineering	PP-4-F8		1,031.82
	Customize Kit, Inc.	PP-4-F82, PP-4-F81		17,727.27
	En reimb(Ford Alabang)	PP-4-F151, PP-4-F149		246.68
	Newton Hardware & Lumber	PP-4-F251, PP-4-F248		1,909.09
	Newton Hardware & Lumber	PP-4-F252, PP-4-F248		1,909.00
	Newton Hardware & Lumber	PP-4-F249, PP-4-F248		1,909.09
	Newton Hardware & Lumber	PP-4-F250, PP-4-F248		2,386.36
	Newton Hardware & Lumber	PP-4-F254, PP-4-F253		1,909.09
	Newton Hardware & Lumber	PP-4-F257, PP-4-F253		1,909.09
	Newton Hardware & Lumber	PP-4-F256, PP-4-F253		2,386.36
	Newton Hardware & Lumber	PP-4-F255, PP-4-F253		2,386.36
	July			
	Newton Hardware & Lumber	PP-4-G297, PP-4-G296		1,909.09
	Newton Hardware & Lumber	PP-4-G298, PP-4-G296		1,909.09
	Newton Hardware & Lumber	PP-4-G299, PP-4-G296		1,909.09
	Newton Hardware & Lumber	PP-4-G300, PP-4-G296		2,386.36
	Newton Hardware & Lumber	PP-4-G301, PP-4-G296		2,386.36
	Newton Hardware & Lumber	PP-4-G302, PP-4-G296		2,386.36
	Newton Hardware & Lumber	PP-4-G303, PP-4-G296		5,536.36
	Newton Hardware & Lumber	PP-4-G305, PP-4-G296		2,386.36
	Newton Hardware & Lumber	PP-4-G306, PP-4-G296		2,386.36
	Newton Hardware & Lumber	PP-4-G307, PP-4-G296		1,909.09
	Newton Hardware & Lumber	PP-4-G308, PP-4-G296		1,909.09
	August			
	Newton Hardware & Lumber	PP-4-H157, PP-4-H156		2,386.36
	Newton Hardware & Lumber	PP-4-H158, PP-4-H156		2,386.36
	Newton Hardware & Lumber	PP-4-H159, PP-4-H156		2,386.36
	Newton Hardware & Lumber	PP-4-H160, PP-4-H156		1,909.09
	Newton Hardware & Lumber	PP-4-H161, PP-4-H156		1,909.09
	Newton Hardware & Lumber	PP-4-H162, PP-4-H156		1,909.09
	Newton Hardware & Lumber	PP-4-H163, PP-4-H156		5,536.36
	Newton Hardware & Lumber	PP-4-H152, PP-4-H151		2,386.36
	Newton Hardware & Lumber	PP-4-H153, PP-4-H151		2,386.36
	Newton Hardware & Lumber	PP-4-H154, PP-4-H151		1,909.09
	Newton Hardware & Lumber	PP-4-H155, PP-4-H151		1,909.09
	September			
	En reimb(Ford Alabang)	PP-4-I145, PP-4-I144		180.78
	En reimb(Ford Makati)	PP-4-I171, PP-4-I170		181.82
	Newton Hardware & Lumber	PP-4-I228, PP-4-I227		5,536.36
	Newton Hardware & Lumber	PP-4-I229, PP-4-I227		2,386.36
	Newton Hardware & Lumber	PP-4-I230, PP-4-I227		2,386.36

Name of Supplier	Exhibits		Input VAT
Newton Hardware & Lumber	PP-4-I231, PP-4-I227		2,386.36
Newton Hardware & Lumber	PP-4-I232, PP-4-I227		1,909.09
Newton Hardware & Lumber	PP-4-I233, PP-4-I227		1,909.09
Newton Hardware & Lumber	PP-4-I234, PP-4-I227		1,909.09
Tribol Trading & Fabrication	PP-4-I349, PP-4-I348		7,545.45
Tribol Trading & Fabrication	PP-4-I350, PP-4-I348		1,727.27
Tribol Trading & Fabrication	PP-4-I351, PP-4-I348		1,000.00
October			
Newton Hardware & Lumber	PP-4-I453, PP-4-I452		1,909.09
Newton Hardware & Lumber	PP-4-I454, PP-4-I452		1,909.09
Newton Hardware & Lumber	PP-4-I455, PP-4-I452		1,909.09
Newton Hardware & Lumber	PP-4-I456, PP-4-I452		2,386.36
Newton Hardware & Lumber	PP-4-I457, PP-4-I452		2,386.36
Newton Hardware & Lumber	PP-4-I458, PP-4-I452		2,386.36
Newton Hardware & Lumber	PP-4-I459, PP-4-I452		5,536.36
Newton Hardware & Lumber	PP-4-I461, PP-4-I460		2,386.36
Newton Hardware & Lumber	PP-4-I462, PP-4-I460		1,909.09
November			
Newton Hardware & Lumber	PP-4-K227, PP-4-K226		2,386.36
Newton Hardware & Lumber	PP-4-K228, PP-4-K226		2,386.36
Newton Hardware & Lumber	PP-4-K229, PP-4-K226		2,386.36
Newton Hardware & Lumber	PP-4-K230, PP-4-K226		2,386.36
Newton Hardware & Lumber	PP-4-K231, PP-4-K226		1,909.09
Newton Hardware & Lumber	PP-4-K232, PP-4-K226		1,909.09
Newton Hardware & Lumber	PP-4-K234, PP-4-K226		1,909.09
Newton Hardware & Lumber	PP-4-K233, PP-4-K226		1,909.09
Newton Hardware & Lumber	PP-4-K236, PP-4-K226		5,536.36
Kainan sa Zigzag (Rhona)	PP-4-K290-C		22.91
December			
Newton Hardware & Lumber	PP-4-L238, PP-4-L237		2,386.36
Newton Hardware & Lumber	PP-4-L239, PP-4-L237		2,386.36
Newton Hardware & Lumber	PP-4-L240, PP-4-L237		2,386.36
Newton Hardware & Lumber	PP-4-L241, PP-4-L237		1,909.09
Newton Hardware & Lumber	PP-4-L242, PP-4-L237		1,909.09
Newton Hardware & Lumber	PP-4-L243, PP-4-L237		1,909.09
Subtotal		**P**	**269,145.78**

g. **Dates indicated on the suppliers' VAT invoices and/or official receipts are not within the period covered by the application for tax credit certificate/refund *(Exhibit PP-15)***

September			
Dimensional Service Corp.	PP-4-I133, PP-4-I132	P	227.27
First Phil Energy Corp.	PP-4-I169, PP-4-1168		4,157.27
December			
Bitstop, Inc.	PP-4-L32, PP-4-L31		2,272.73
Metrawatt Power Corp.	PP-4-L226, PP-4-L225		115.00
Phildata Bus Sys	PP-4-L268, PP-4-L267		718.18
Phildata Bus Sys	PP-4-L269, PP-4-L267		258.18
Phildata Bus Sys	PP-4-L270, PP-4-L267		78.18
Romulo Torres	PP-4-L394, PP-4-L393		640.00
Toyota Dagupan	PP-4-L384, PP-4-L383		836.92
Subtotal		**P**	**9,303.74**

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611

	Name of Supplier	Exhibits		Input VAT
h.	**Original suppliers' invoices and/or official receipts on file are not dated** ***(Exhibit PP-16)***			
	May			
	Meralco Industrial Eng'g	PP-4-E205, PP-4-E204	P	56,813.95
	RF Trading & Distrib Corp	PP-4-E256, PP-4-E255		45.45
	June			
	Virgo Services & Trading Corp	PP-4-F381, PP-4-F380		1,133.07
	Windshear Intl Phils Inc.	PP-4-F383, PP-4-F382		25,586.00
	December			
	Bitstop, Inc.	PP-4-L35, PP-4-L36		250.00
	Skoal Advertising, Inc.	PP-4-L329, PP-4-L328		45,454.55
	Subtotal		P	**129,283.02**
i.	**Tax identification number (TIN) indicated on the suppliers' VAT invoices are not the same as the TIN on the corresponding official receipts** ***(Exhibit PP-17)***			
	July			
	Galeo Equipment Corp	PP-4-G201, PP-4-G200	P	29,545.45
	August			
	Galeo Equipment Corp	PP-4-H103, PP-4-H102		29,545.45
	September			
	Galeo Equipment Corp	PP-4-I177, PP-4-I176		29,545.45
	Subtotal		P	**88,636.35**
j.	**Purchase of goods and/or services from Non-VAT entities** ***(Exhibit PP-18)***			
	June			
	Arturo A.V.P. Balbastro, Jr.	PP-4-F30, PP-4-F29	P	8,136.36
	September			
	CF Car Rentals, Inc.	PP-4-I59, PP-4-I58		28,727.27
	October			
	Camp John Hay Manor	PP-4J64, PP-4-J63		6,085.68
	F.D. Esguerra Enterprises	PP-4-J184, PP-4-J183		1,194.55
	Joman Enterprises	PP-4-J228, PP-4-J227		386.36
	RIJENN's Petron Servicenter	PP-4J374-C		45.45
	November			
	Aguilar Jetti Station (Rhona)	PP-4-K294-C		45.45
	BB-Villafone Cellphones Center	PP-4-K355-A		51.82
	Your's Me Eatery (Rhona)	PP-4-K301-B		27.27
	Subtotal		P	**44,700.23**
k.	**Errors in the computation of input VAT on local purchases** ***(Exhibit PP-19)***			
	June			
	Ritzgerald Frameshoppe		P	909.09
	July			
	Ad En Wear Marketing			10,318.18
	August			

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Name of Supplier	Exhibits		Input VAT
Meralco Industrial Eng'g			3,755.45
September			
Ciudad Fernandino			545.45
Infosoft Int'l Solutions, Inc.			1,250.00
October			
Bitstop, Inc.			872.73
Muttley Enterprises			381.82
December			
VQM-Ciudad Fernandino			683.01
Subtotal		P	**18,715.73**

I. **Suppliers' VAT invoices and official receipts are not under the name of the company *(Exhibit PP-20)***

Name of Supplier	Exhibits		Input VAT
July			
F. Gutierrez Construction	PP-4-G180, PP-4-G179	P	1,757.27
November			
5 Star Auto Supply (Rhona)	PP-4-K289		4.55
Ciudad Fernandino	PP-4-K57-A, PP-4-K56		36.36
Ciudad Fernandino	PP-4-K57-B, PP-4-K56		90.91
Ciudad Fernandino	PP-4-K57-C, PP-4-K56		28.64
Ciudad Fernandino	PP-4-K58-A, PP-4-K56		36.36
Ciudad Fernandino	PP-4-K58-B, PP-4-K56		90.91
Ciudad Fernandino	PP-4-K58-C, PP-4-K56		28.64
Ciudad Fernandino	PP-4-K59-A, PP-4-K56		36.36
Ciudad Fernandino	PP-4-K59-B, PP-4-K56		90.91
Ciudad Fernandino	PP-4-K59-C, PP-4-K56		28.64
Ciudad Fernandino	PP-4-K60-A, PP-4-K56		36.36
Ciudad Fernandino	PP-4-K60-B, PP-4-K56		90.91
Ciudad Fernandino	PP-4-K60-C, PP-4-K56		28.64
Ciudad Fernandino	PP-4-K61-A, PP-4-K56		36.36
Ciudad Fernandino	PP-4-K61-B, PP-4-K56		100.00
Ciudad Fernandino	PP-4-K61-C, PP-4-K56		38.18
Ciudad Fernandino	PP-4-K62-A, PP-4-K56		36.36
Ciudad Fernandino	PP-4-K62-B, PP-4-K56		90.91
Ciudad Fernandino	PP-4-K62-C, PP-4-K56		28.64
Ciudad Fernandino	PP-4-K63-A, PP-4-K56		36.36
Ciudad Fernandino	PP-4-K63-B, PP-4-K56		90.91
Ciudad Fernandino	PP-4-K63-C, PP-4-K56		28.64
Ciudad Fernandino	PP-4-K64-A, PP-4-K56		36.36
Ciudad Fernandino	PP-4-K64-B, PP-4-K56		90.91
Ciudad Fernandino	PP-4-K64-C, PP-4-K56		28.64
Ciudad Fernandino	PP-4-K65-A, PP-4-K56		36.36
Ciudad Fernandino	PP-4-K65-B, PP-4-K56		90.91
Ciudad Fernandino	PP-4-K65-C, PP-4-K56		28.64
Ciudad Fernandino	PP-4-K66-A, PP-4-K56		36.36
Ciudad Fernandino	PP-4-K66-B, PP-4-K56		27.27
Citystate Tower Hotel, Inc. (Rhona)	PP-4-K291-A		315.91
Citystate Tower Hotel, Inc. (Rhona)	PP-4-K291-B		41.82
DLC Food (Balagtas), Inc. (Rhona)	PP-4-K295-A		16.55
Letram Foods, Inc. (Rhona)	PP-4-K290-A		17.77
Letram Foods, Inc. (Rhona)	PP-4-K293-A		17.68
Longwood Garden Drive in Hotel (Rhona)	PP-4-K295-B		91.55
The Sulu Hotel (Rhona)	PP-4-K298-A, PP-4-K298-B		190.91
The Sulu Hotel (Rhona)	PP-4-K300-A, PP-4-K299-B		197.62

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Name of Supplier	Exhibits		Input VAT
December			
RA-JR Enterprises	PP-4-L299-B		10.91
Subtotal		**P**	**4,147.98**

m. **Certain information indicated in the suppliers' VAT invoices and/or official receipts were altered *(Exhibit PP-21)***

August			
RD-reimb(Paraiso sa Barrio)	PP-4-H196	P	175.70
September			
EN reimb(Ford Makati)	PP-4-I147, PP-4-I146		136.36
October			
Trends & Technologies, Inc.	PP-4-J289, PP-4-J288		1,242.00
Subtotal		**P**	**1,554.06**

n. **BIR permit numbers of suppliers' VAT invoices and/or official receipts are not within the range of BIR permit period *(Exhibit PP-22)***

July			
RF Trading & Distrib Corp	PP-4-G357, PP-4-G358	P	45.45
September			
RF Trading & Distrib Corp	PP-4-I298, PP-4-I297		45.45
RF Trading & Distrib Corp	PP-4-I299, PP-4-I297		45.45
RF Trading & Distrib Corp	PP-4-I300, PP-4-I297		22.73
RF Trading & Distrib Corp	PP-4-I301, PP-4-I297		22.73
Subtotal		**P**	**181.81**

o. **Reconciliation of input VAT per return and input VAT per general ledger *(Exhibit PP-23)***

August		P	0.01
September			0.07
October			0.41
November			1,847.35
Subtotal		**P**	**1,847.84**

p. **Input VAT on purchase of automobiles *(Exhibit PP-26)***

May			
Ford Edsa, Inc.	PP-4-E127, PP-4-E121	P	130,363.64
August			
Ford Makati	PP-4-H101, PP-4-H100		195,879.55
Subtotal		**P**	**326,243.19**

TOTAL DISALLOWED INPUT VAT		**P**	**4,235,868.33**

245