REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

INTEL TECHNOLOGY PHILIPPINES, INC.,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA CASE NO. 6128

Members:

ACOSTA,
CASTAÑEDA, JR., *and*
BAUTISTA, *JJ.*

Promulgated:

MAY 2 5 2012
3:05 p.m.

x- -x

DECISION

CASTAÑEDA, JR., *J.*:

This is a remanded case involving a claim for refund in the amount of P11,770,181.70 allegedly representing petitioner's unutilized VAT input taxes on its domestic purchases of goods and services for the period April 1, 1998 to June 30, 1998 attributable to its zero-rated sales for the said period. Initially, this case was decided by the Court of Tax Appeals (CTA original composition) prior to the effectivity of Republic Act (RA) No. 9282.[1]

The facts of the case are as follows:

[1] An Act Expanding The Jurisdiction Of The Court of Tax Appeals (CTA), Elevating Its Rank To The Level of A Collegiate Court With Special Jurisdiction And Enlarging Its Membership, Amending For The Purpose Certain Sections Of Republic Act No. 1125, As Amended, Otherwise Known As The Law Creating The Court Of Tax Appeals, And For Other Purposes.

Petitioner is a domestic corporation duly registered with the Securities and Exchange Commission (SEC) and is engaged primarily in the business of designing, developing, manufacturing and exporting advanced and large-scale integrated circuits components or IC's.[2] It is registered with the Philippine Economic Zone Authority (PEZA) as pioneer enterprise enjoying six (6) years Income Tax Holiday with Certificate of Registration No. 95-133 [3] and with the Bureau of Internal Revenue (BIR) as a value-added tax (VAT) entity with Certificate of Registration No. 96-540-000713 and Tax Identification No. 004-833-143.[4]

As a VAT-registered entity, petitioner reported input taxes it incurred from April 1, 1998 to June 30, 1998 in its Quarterly VAT Returns[5] and Monthly VAT Declarations[6] for the second quarter of 1998 filed and stamped received by the BIR or its agent.[7]

On May 18, 1999, petitioner filed with respondent, through the One Stop Shop Inter-Agency Tax Credit and Duty Drawback Center of the Department of Finance, an application for tax credit/refund of VAT input taxes paid on its domestic purchases of goods and/or services directly used by the petitioner in its commercial operations, amounting to P11,770,181.70, covering

---

[2] Paragraph 1, Stipulation of Facts, Joint Stipulation of Facts and Simplification of Issues (JSFSI), docket, pp. 47-48.
[3] Exhibit "A"; Paragraph 2, Stipulation of Facts, JSFSI, docket, p. 48.
[4] Exhibit "B"; Paragraph 3, Stipulation of Facts, JSFSI, docket, p. 48.
[5] Exhibit "F"
[6] Exhibits "C" and "D"
[7] Paragraph 4, Stipulation of Facts, JSFSI, docket, p. 48.

the period April 1, 1998 to June 30, 1998.[8] Without action on the part of the respondent,[9] petitioner filed this Petition for Review.[10]

In the Answer, respondent raised the following Special and Affirmative Defenses:[11]

"4. Petitioner being allegedly registered with the Philippine Economic Zone Authority, is exempt from all taxes, including value-added tax, pursuant to Section 24 of Republic Act No. 7916 in relation to Section 103 of the Tax Code, as amended by R.A. 7716. Since its sales are not zero-rated but are exempt from VAT, petitioner is not entitled to refund of input tax pursuant to Section 4.106-1 and 4.103-1 of Revenue Regulations No. 7-95;

5. Petitioner alleged claim for refund is subject to administrative routinary investigation/examination by the Bureau;

6. The amount of P47,582,813.72 being claimed by petitioner as alleged VAT input taxes for the period of 01 July 1997 to 31 December 1997 was not properly documented (sic);

7. In an action for refund the burden of proof is on the taxpayer to establish its right to refund, and failure to sustain the burden is fatal to the claim for refund/credit;

8. Petitioner must show that it has complied with the provisions of Sections 204(c) and 229 of the Tax Code on the prescriptive period for claiming tax refund/credit;

---

[8] Exhibits "M" and "N"
[9] Paragraph 7, Stipulation of Facts, JSFSI, docket, p. 49.
[10] Docket, pp. 1-18.
[11] Docket, pp. 20-21.

9. Claims for refund are construed strictly against the claimant for the same partake the nature of exemption from taxation."

After the parties filed their respective Pre-trial Briefs, the court ordered the submission of Joint Stipulation of Facts and Issues. On September 18, 2000, the parties filed their Joint Stipulation of Facts and Simplification of Issues,[12] approved in a Resolution[13] dated September 21, 2000. In the same Resolution, the pre-trial was considered terminated.

During trial, petitioner presented and formally offered its documentary and testimonial evidence. In a Resolution dated November 5, 2002, Exhibits "A", "B", "C", "C-1", "D", "D-1", "E", "E-1", "F", "F-1" to "F-6", "G" to "L", "H-2", "K-2", "G-1" to "L-1", "H-3", "I-2", "K-3","L-2", "M", "N", "M-1", "N-1", "O", "O-1", "O-2", "P","P-1", "P-2", "Q", "Q-1", "Q-2", "S", "T", "T-1","U-1" to "U-375", "V-1" to "V-665", "W-1" to "W-424", "X" to "X-669", and "Y" were admitted as part of petitioner's evidence.[14]

On the other hand, respondent's counsel manifested that the case has no report of investigation; thus, she moved for the submission of the case for decision.[15]

On February 1, 2002[16] and February 26, 2002[17] petitioner and respondent, respectively, filed their Memoranda. On February 28, 2002, petitioner filed a "Motion to Admit"[18] the summary of VAT claimed deductions

---

[12] Docket, pp. 47-51.
[13] Docket, p. 52.
[14] Docket, p. 259.
[15] Docket, p. 194.
[16] Docket, pp. 199-209.
[17] Docket, pp. 214-218.
[18] Docket, pp. 220-224.

as part of the exhibits of the petitioner. In a Resolution[19] dated March 21, 2002, the Court granted the motion and submitted the case for decision.

On June 21, 2002, the Court granted petitioner's "Motion to Re-Open" the case for presentation of additional document.[20] On August 29, 2002, the "Amended Formal Offer of Petitioner's Evidence"[21] was filed. On November 5, 2002, the Court resolved to admit exhibits mentioned in the Amended Formal Offer of Petitioner's Evidence and submitted the case for decision.[22]

The parties raised the following issues to be resolved by this court:

1. Whether or not Petitioner's sales were actually export sales subject to zero-rated (sic) for VAT purposes;

2. Whether or not the export proceeds of Petitioner were inwardly remitted in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas;

3. Whether or not the VAT input taxes have not been applied to the output tax for the period covered in its claim or any succeeding quarter or quarters;

4. Whether or not the VAT input taxes on domestic purchases of goods and services are attributable to Petitioner's zero-rated sales; and

[19] Docket, p. 227.
[20] Docket, p. 235.
[21] Docket, pp. 239-258.
[22] Docket, p. 259.

5. Whether or not Petitioner is entitled to a refund of the VAT input taxes arising from domestic purchases of taxable goods and services from April 1, 1998 to June 30, 1998 in the amount of P11,770,181.70.[23]

On April 21, 2003, the Court of Tax Appeals (CTA original composition) prior to the effectivity of RA No. 9282, promulgated a Decision[24] denying the petition for failure to substantiate its export sales with valid VAT export sales invoices which should contain BIR authority to print and Taxpayer's Identification Number VAT (TIN-V). The ruling reads:

> On the basis of all the foregoing, the documents submitted by petitioner in support of its claim cannot be considered as valid evidence to prove its zero-rated sales of goods for VAT purposes. Apparently, petitioner failed to substantiate its demand for refund/issuance of tax credit certificate.
>
> WHEREFORE, in view of the foregoing, petitioner's claim for issuance of a tax credit certificate in the amount of P11,770,181.70 allegedly representing its VAT input taxes on domestic purchases of goods and services for the period April 1, 1998 to June 30, 1998 is hereby DENIED.
>
> SO ORDERED.[25]

On May 14, 2003, petitioner filed a Motion for Reconsideration[26] and a Supplemental Motion for Reconsideration on June 23, 2003[27] which the CTA denied in the Resolution[28] dated September 1, 2003.

Aggrieved by the Decision and Resolution of the CTA, petitioner filed a Petition for Review with the Court of Appeals (CA). In the Decision dated

[23] Simplication of Issues, JSFSI, docket, pp. 49-50.
[24] Docket, pp. 261-272.
[25] Docket, p. 271.
[26] Docket, pp. 274-280.
[27] Docket, pp. 283-288.
[28] Docket, pp. 294-298.

August 12, 2004, the CA affirmed the decision of the CTA which denied petitioner's claim for refund.

Thus, by way of Petition for Review docketed as G.R. No.166732 petitioner appealed the denial of its claim to the Supreme Court. In its Decision[29] dated April 27, 2007, the Supreme Court reversed the ruling of the CA and partially granted the petition. The case was remanded to the CTA for determination and computation of petitioner's tax credit/refund. The Supreme Court held:

> In a claim for refund or issuance of a tax credit certificate attributable to zero-rated sales, what is to be closely scrutinized is the documentary substantiation of the input VAT paid, as may be proven by other export documents, rather than the supporting documents for the zero-rated export sales. And since petitioner has established by sufficient evidence that it is entitled to a refund or issuance of a tax credit certificate, in accordance with the requirements of Sections 106 (A)(2)(a)(1) and 112(A) of the Tax Code, then its claim should not be denied, notwithstanding its failure to state on the invoices the BIR authority to print and the TIN-V. Worthy of mentioning again is the fact that even the CTA and the CA have found petitioner to be legally entitled to a claim for refund or issuance of a tax credit certificate of its unutilized VAT input taxes on domestic purchases of goods and services attributable to its zero-rated sales.
>
> xxx xxx xxx
>
> Even as the Court now holds that petitioner is legally entitled to a refund or issuance of a tax credit certificate of its unutilized VAT input taxes on domestic purchases of goods and services attributable to its zero-rated sales, the case shall nevertheless be remanded to the CTA for proper determination and computation of petitioner's tax credit/refund, considering that in the Report of the independent auditor, Eliseo Aurellado, only the amount of ₱9,688,809.00 was deemed as petitioner's valid claim for tax credit. According to Aurellado, the difference of ₱2,081,372.32 from petitioner's input VAT claim of ₱11,770,181.70 was not supported by sufficient documentary proof. The Court, not being a trier of facts, cannot certainly decide this factual circumstance. Jr

[29] Docket, pp. 841-871.

> **WHEREFORE**, premises considered, the petition is **PARTIALLY GRANTED**. The Decision dated August 12, 2004 of the CA in CA-G.R. SP No. 79327 is **REVERSED** and **SET ASIDE**. The instant case is **REMANDED** to the Court of Tax Appeals for the determination and computation of petitioner's tax credit/refund.
>
> **SO ORDERED**.

When the case was remanded to the CTA, petitioner's counsel moved that petitioner be granted cash refund instead of tax credit certificate on the ground that it already stopped its operation and is actually in the process of dissolution. Acting on said motion, the Court ordered petitioner to submit "Compliance," showing that indeed petitioner has stopped operation, hence the grant of cash refund instead of tax credit certificate.[30]

Respondent did not file her comment or opposition to the petitioner's "Compliance and Manifestation" filed on April 23, 2012. Attached to the "Compliance and Manifestation"[31] were the following documents:

a. Secretary's Certificate dated February 3, 2012 of Board Resolution dated 29 June 2010 shortening the Corporate Term to June 30, 2010;[32]

b. Duly received application with the BIR for the issuance of a Tax Clearance dated 30 December 2010;[33] and

c. E-Letter of Authority issued by the BIR dated May 12, 2011.[34]

---

[30] Docket, p. 960.
[31] Docket, pp. 961-962.
[32] Docket, p. 963.
[33] Docket, pp. 964-967
[34] Docket, pp. 968-970.

In compliance with the Supreme Court's decision dated April 27, 2007 where it has been settled that petitioner is legally entitled to a refund, this court now proceeds to determine and compute petitioner's tax credit/refund representing the VAT input paid on domestic purchases of goods and services for the period April 1, 1998 to June 30, 1998 attributable to its zero-rated sales.

As regards the substantiation issue on the claimed input VAT payment of P11,770,181.70, the commissioned independent CPA, Mr. Eliseo A. Aurellado, in his report dated May 18, 2001,[35] noted the following exceptions and observations[36] as far as the total claimed amount of unutilized input taxes are concerned:

Exceptions	Findings		Amount
Exception A	No supporting documents	P	2,029,491.77
Exception B	Sold/billed to Intel Philippines Manufacturing, Inc.		51,880.54
Total		**P**	**2,081,372.31**

Of the total disallowances of petitioner's input VAT arrived at by the commissioned independent CPA in the amount of P2,081,372.31, only the amount of P2,068,280.85[37] represents petitioner's disallowed input VAT on purchased of goods and services and the remaining amount of P13,091.46[38] previously disallowed by the independent CPA should then be allowed for its available documents properly support the claimed input VAT. Jc

[35] Exhibit "Q", Docket, pp. 143-184.
[36] Exhibit "T", Docket, pp. 168-174.
[37] P2,081,372.31 less P13,091.46 (total 2nd batch, exception B of ICPA report).
[38] 2nd batch total, exception B of ICPA report.

However, further verification and examination of the records discloses that additional amount of P2,153,422.07 of the input taxes claimed should be disallowed for failure to properly document the same, to wit:

Findings	Total Input VAT
Input tax on purchase of goods/services supported by invoice/OR but dated outside the period of claim.	P 1,209,653.71
Input tax on purchase of goods/services supported by invoice/OR but not in the name of petitioner.	275,428.34
Input tax on purchase of goods/services supported by "TIN-V" invoice/OR.	288,503.93
Input tax on purchase of goods/services not supported by the required documents.	102,245.42
Input tax on purchase of goods supported by zero-rated sales invoice.	176,271.76
Input tax on purchase of goods supported by invoice not registered with the BIR	101,318.91
Total Disallowances	**P 2,153,422.07**

The details of these disallowances are as follows:

Exhibit	Supplier	Invoice Date	Input Tax
Purchase of goods/services supported by invoice/OR but dated outside the period of claim.			
Batch #1			
U-15	ADD SERVICES & SUPPLY	03/22/98	14,400.00
U-16	ADD SERVICES & SUPPLY	03/22/98	15,454.55
U-17	ADD SERVICES & SUPPLY	03/22/98	30,909.09
U-48	ASIAN AUTOMATION & ROBOTICS CORP.	03/10/98	209.09
U-77	ATS RESOURCE CENTER, INC.	03/25/98	2,424.00
U-78	AUTOMATED TOOL FAB. RESOURCES	10/16/97	396.15
U-80	BASE CORP.	12/16/97	3,273.60
U-88	BENEDICT SAFETY SHOES & IND'L SUPPLY	03/31/98	285.00
U-89	BENEDICT SAFETY SHOES & IND'L SUPPLY	03/31/98	1,282.50
U-96	BLUE SKY TRADING COMPANY INC.	03/21/98	5,909.09
U-97	BOOKHAVEN, INC	03/31/98	8,513.64
U-98	BROWN DIRECT SALES CORP.	03/23/98	2,196.00
U-99, 100	BROWN DIRECT SALES CORP.	03/03/98	1,477.27
U-103	CHASE PACIFIC TECH.	03/23/98	271.82
U-106	CHASE PACIFIC TECH.	03/30/98	86.36
U-109, 110	CITIMEX INC.	11/24/97	41,809.09

JL

U-109, 111	CITIMEX INC.	07/23/97	27,872.73
U-112, 113	COMPUMEDICS CORP.	02/11/98	1,561.82
U-114	CONSOLIDATED IND'L GASES INC.	03/26/98	7,333.26
U-114	CONSOLIDATED IND'L GASES INC.	03/26/98	6,807.00
U-114	CONSOLIDATED IND'L GASES INC.	03/26/98	4,673.10
U-115	CONSOLIDATED IND'L GASES INC.	03/26/98	7,769.80
U-115	CONSOLIDATED IND'L GASES INC.	03/26/98	7,378.92
U-115	CONSOLIDATED IND'L GASES INC.	03/26/98	6,700.50
U-115	CONSOLIDATED IND'L GASES INC.	03/26/98	6,552.94
U-115	CONSOLIDATED IND'L GASES INC.	03/26/98	4,338.45
U-115	CONSOLIDATED IND'L GASES INC.	03/26/98	6,426.07
U-116	CONSOLIDATED IND'L GASES INC.	03/22/98	3,829.40
U-117	CONSOLIDATED IND'L GASES INC.	03/19/98	5,907.55
U-118	CONSOLIDATED IND'L GASES INC.	03/19/98	7,862.59
U-119	CONSOLIDATED IND'L GASES INC.	03/18/98	4,749.14
U-120	CONSOLIDATED IND'L GASES INC.	03/23/98	7,259.21
U-121	CONSOLIDATED IND'L GASES INC.	03/22/98	7,258.76
U-122	CONSOLIDATED IND'L GASES INC.	03/23/98	6,234.63
U-123	CONSOLIDATED IND'L GASES INC.	01/20/98	7,024.07
U-126	CONSOLIDATED IND'L GASES INC.	03/31/98	7,228.71
U-126	CONSOLIDATED IND'L GASES INC.	03/31/98	6,703.60
U-126	CONSOLIDATED IND'L GASES INC.	03/31/98	6,491.15
U-126	CONSOLIDATED IND'L GASES INC.	03/31/98	6,671.28
U-126	CONSOLIDATED IND'L GASES INC.	03/31/98	3,844.42
U-127	CONSOLIDATED IND'L GASES INC.	03/31/98	6,470.09
U-127	CONSOLIDATED IND'L GASES INC.	03/31/98	7,309.35
U-127	CONSOLIDATED IND'L GASES INC.	03/31/98	7,016.72
U-127	CONSOLIDATED IND'L GASES INC.	03/31/98	7,389.81
U-127	CONSOLIDATED IND'L GASES INC.	03/31/98	6,386.45
U-127	CONSOLIDATED IND'L GASES INC.	03/31/98	3,027.19
U-128	CONSOLIDATED IND'L GASES INC.	03/31/98	4,855.67
U-128	CONSOLIDATED IND'L GASES INC.	03/31/98	6,470.31
U-128	CONSOLIDATED IND'L GASES INC.	03/31/98	6,840.17
U-128	CONSOLIDATED IND'L GASES INC.	03/31/98	7,113.16
U-128	CONSOLIDATED IND'L GASES INC.	03/31/98	6,378.87
U-129	CONSOLIDATED IND'L GASES INC.	03/31/98	7,962.46
U-131	CONSOLIDATED IND'L GASES INC.	01/23/98	845.82
U-133	CONSOLIDATED IND'L GASES INC.	03/10/98	1,106.18
U-134	CONSOLIDATED IND'L GASES INC.	03/03/98	5,454.55
U-135	CONSOLIDATED IND'L GASES INC.	03/09/98	7,669.09
U-146	CORNERSTEEL SYSTEM CORP.	03/26/98	2,080.70
U-147	CORNERSTEEL SYSTEM CORP.	03/31/98	32,498.00
U-155, 156	DATA CENTER DESIGN CORP.	10/15/98	6,818.18
U-157, 158	DELTA STAR POWER MFG. CORP.	09/08/98	4,363.64
U-164	DIVERSO	02/13/98	5,184.00
U-165	DIVERSO	01/28/98	12,527.46
U-166	DIVERSO	01/20/98	9,931.09
U-167	DIVERSO	03/30/98	14,545.46
U-168	DIVERSO	02/02/98	4,092.00
U-179	DIVERSO	03/29/98	7,863.64
U-202	DMS ENG'G & SERVICES	03/26/98	1,909.09
U-314	DMS ENG'G & SERVICES	07/06/98	417.27

U-314	DMS ENG'G & SERVICES	07/06/98	8,116.36
U-314	DMS ENG'G & SERVICES	07/06/98	1,500.00
U-314	DMS ENG'G & SERVICES	07/06/98	1,636.36
U-314	DMS ENG'G & SERVICES	07/06/98	1,622.83
U-314	DMS ENG'G & SERVICES	07/06/98	4,545.45
U-314	DMS ENG'G & SERVICES	07/06/98	7,868.09
U-314	DMS ENG'G & SERVICES	07/06/98	4,818.18
U-314	DMS ENG'G & SERVICES	07/06/98	5,636.36
U-314	DMS ENG'G & SERVICES	07/06/98	5,236.36
		Subtotal	***532,882.76***
Batch #2			
V-41	ECO-TRIANGLE TECH.	3/24/1998	409.09
V-43	ECO-TRIANGLE TECH.	3/26/1998	259.09
V-44	ECO-TRIANGLE TECH.	2/20/1998	195.45
V-45	EQUIPMENT TECH., INC.	3/30/1998	2,644.40
V-46	EQUIPMENT TECH., INC.	1/26/1998	2,571.48
V-81	FLORO BLUE PRINTING LAS PINAS, INC	3/24/1998	1,781.82
V-82	GEM STATIONERY INC.	3/25/1998	52.18
V-83	GEM STATIONERY INC.	3/26/1998	67.56
V-84	GEM STATIONERY INC.	3/26/1998	58.18
V-85	GEM STATIONERY INC.	3/26/1998	137.51
V-86	GEM STATIONERY INC.	3/25/1998	268.25
V-87	GEM STATIONERY INC.	3/25/1998	51.10
V-88	GEM STATIONERY INC.	3/25/1998	280.38
V-89	GEM STATIONERY INC.	3/25/1998	245.25
V-90	GEM STATIONERY INC.	3/25/1998	302.38
V-91	GEM STATIONERY INC.	3/25/1998	434.90
V-92	GEM STATIONERY INC.	3/26/1998	263.95
V-93	GEM STATIONERY INC.	3/25/1998	1,068.03
V-94	GEM STATIONERY INC.	3/25/1998	56.94
V-95	GEM STATIONERY INC.	3/25/1998	24.55
V-96	GEM STATIONERY INC.	3/25/1998	973.93
V-97	GEM STATIONERY INC.	3/26/1998	44.50
V-98	GEM STATIONERY INC.	3/26/1998	104.43
V-99	GEM STATIONERY INC.	3/25/1998	150.50
V-100	GEM STATIONERY INC.	3/25/1998	46.10
V-101	GEM STATIONERY INC.	3/25/1998	29.55
V-102	GEM STATIONERY INC.	3/26/1998	61.36
V-278	GOLDEN PYRAMID TRADING	3/18/1998	1,310.68
V-280	GOLDEN PYRAMID TRADING	3/18/1998	2,282.13
V-606	HEWLETT-PACKARD PHILS. CORP	2/4/1998	1,835.00
V-608	HEWLETT-PACKARD PHILS. CORP	2/23/1998	1,896.00
V-610	HOLLAND PACIFIC PAPER, INC.	3/23/1998	1,797.82
V-609	HOLLAND PACIFIC PAPER, INC.	1/4/1998	4,494.55
V-612	I & CS, INC.	2/9/1998	2,036.36
V-620	INCA PLASTIC PHILS., INC.	3/28/1998	513.00
V-623	INPHASE UNDUSTRIAL CONSTRUCTION	7/8/1998	14,261.06
V-625	INTEGRATED WASTE MANAGEMENT	8/5/1998	890.91
V-625	INTEGRATED WASTE MANAGEMENT	8/5/1998	890.91
V-625	INTEGRATED WASTE MANAGEMENT	8/5/1998	890.91

V-625	INTEGRATED WASTE MANAGEMENT	8/5/1998	890.91
V-625	INTEGRATED WASTE MANAGEMENT	8/5/1998	2,672.73
V-625	INTEGRATED WASTE MANAGEMENT	8/5/1998	2,672.73
		Subtotal	***51,918.53***
Batch #3			
W-411	FILEMIX SYSTEMS & SERVICES, INC.	01/08/98	2,508.86
W-412	J.E. AUTOMATED PARTS	02/10/98	1,653.00
W-413	JUNNA INDUSTRIAL SALES	01/22/98	4,441.73
W-14	KEMARS ENGG & SUPPLY CORP.	03/18/98	1,250.00
W-27	LEAD MARKETING & IND'L INC.	03/11/98	2,181.82
W-28	LINKAGE FIRST VENTURES, INC.	03/20/98	20,490.91
W-29	LINKAGE FIRST VENTURES, INC.	03/11/98	13,502.73
W-32	LIONAPEX	01/14/98	809.09
W-33	MABELLE PRINTING & TRADING	03/13/98	1,590.91
W-34	MABELLE PRINTING & TRADING	03/13/98	2,386.36
W-35	MABELLE PRINTING & TRADING	03/11/98	436.36
W-36	MABELLE PRINTING & TRADING	03/13/98	12,863.64
W-37	MABELLE PRINTING & TRADING	03/23/98	1,454.55
W-38	MABELLE PRINTING & TRADING	03/18/98	250.00
W-40	MABELLE PRINTING & TRADING	03/16/98	2,168.18
W-41	MABELLE PRINTING & TRADING	03/20/98	21,818.18
W-42	MABELLE PRINTING & TRADING	03/03/98	4,363.64
W-44	MACRO LABEL CENTER	02/17/98	68,181.82
W-47	MAGNETO ENTERPRISES	03/24/98	4,963.64
W-48	MAGNETO ENTERPRISES	03/25/98	1,218.18
W-49	MAGNETO ENTERPRISES	03/24/98	3,954.55
W-50	MAGNETO ENTERPRISES	03/17/98	8,700.00
W-51	MAGNETO ENTERPRISES	03/12/98	11,163.64
W-54	MAGNETO ENTERPRISES	03/02/98	7,118.18
W-59	MAXTRONIX, INC.	11/27/97	755.89
W-77	MEDINA SALES CO. INC.	03/31/98	4,309.01
W-79	MERCURY DRUG CORP.	01/03/98	1,651.00
W-80	MERCURY DRUG CORP.	01/03/98	705.68
W-81	MERCURY DRUG CORP.	01/03/98	6,168.18
W-82	MERCURY DRUG CORP.	01/03/98	783.64
W-83	MERCURY DRUG CORP.	01/03/98	168.76
W-84	MERCURY DRUG CORP.	01/03/98	1,897.27
W-85	MERCURY DRUG CORP.	01/03/98	8,569.09
W-86	MERCURY DRUG CORP.	01/03/98	935.08
W-87	MESCO INC.	03/10/98	1,590.00
W-92	MICROWILL PRECISION TOOLS	03/24/98	850.00
W-93	MICROWILL PRECISION TOOLS	03/09/98	840.91
W-94	MICROWILL PRECISION TOOLS	03/24/98	760.00
W-95	MIDDLE BY PHILIPPINES CORP.	09/22/98	1,227.27
W-97	MIRAGE IND'L RESOURCES	03/04/98	12,064.91
W-97	MIRAGE IND'L RESOURCES	03/04/98	49.09
W-98	MIRAGE IND'L RESOURCES	03/31/98	3,196.36
W-103, 104	MOLTEN STEEL CORPORATION	03/26/98	826.36
W-105, 106	MOLTEN STEEL CORPORATION	03/25/98	1,994.09
W-116, 117	MONARK EQUIPT. CORP.	07/17/98	82,954.55
W-121	N.P. LIBALIB	02/12/98	200.00

gr

W-125	N.P. LIBALIB	07/07/98	1,020.00
W-134	OKASAKI INDUSTRIAL CORP.	03/09/98	1,620.20
W-173	PILTEL	07/17/98	197.05
W-173	PILTEL	07/17/98	186.75
W-173	PILTEL	07/17/98	220.31
W-173	PILTEL	07/17/98	590.05
W-173	PILTEL	07/17/98	204.20
W-187	PLDT	07/08/98	503.29
W-187	PLDT	07/08/98	1,993.35
W-190	PLDT	07/01/98	7,646.16
W-191	POLARIS	02/12/98	363.64
W-192	PRECY'S SUPERIOR PRODUCTS	03/07/98	4,890.91
W-193, 195	PRIME SALES INC.	03/26/98	1,618.68
W-193, 197	PRIME SALES INC.	03/06/98	1,464.55
W-199, 200	PRIME SALES INC.	09/16/98	3,754.62
W-205	PROTECTIVE SYSTEMS TECHNOLOGY INC.	03/12/98	1,420.00
W-206	PROTECTIVE SYSTEMS TECHNOLOGY INC.	03/12/98	2,140.00
W-207	PVC INTERNATIONAL	03/13/98	265.68
W-208	PVC INTERNATIONAL	03/13/98	1,545.27
W-217	RELIABLE TOOLING SYSTEM INC.	02/18/98	3,402.73
W-210	R-JELL MARKETING	02/20/98	2,121.82
W-224	RS UNITECH MFG. & TRDG. CORP.	01/28/98	818.18
W-225	RS UNITECH MFG. & TRDG. CORP.	01/28/98	1,236.36
W-236	SEIKO SERVICE CENTER	03/27/98	12,113.18
W-237	SEMICON INTEGRATED ELECTRONICS CORP.	02/06/98	414.00
W-238	SEMICON INTEGRATED ELECTRONICS CORP.	02/06/98	22.73
W-239	SEMICON INTEGRATED ELECTRONICS CORP.	02/10/98	319.73
W-414	SEMICON INTEGRATED ELECTRONICS CORP.	01/23/98	400.00
W-251	SERVANTECH ENTERPRISES	03/07/98	545.46
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	100.00
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	417.57
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	424.72
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	100.00
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	100.00
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	100.00
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	281.33
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	284.39
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	311.95
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	100.00
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	100.00
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	100.00
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	100.00
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	100.00
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	100.00
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	100.00
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	120.00
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	100.00
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	811.47

gr

W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	120.00
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	1,336.02
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	120.00
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	100.00
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	100.00
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	100.00
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	100.00
W-254 to 270	SKY FREIGHT FORWARDERS, INC.	09/25/98	621.87
W-317	SMC PNEUMATICS PHILS. INC.	02/26/98	967.27
W-318	SMC PNEUMATICS PHILS. INC.	03/05/98	880.91
W-320	STRAIGHTWAY TRADING	03/12/98	3,264.00
W-325	SYSTEMS CONTROLS INSTRUMENTATIONS, INC.	03/03/98	2,727.27
W-338, 339	T.I.Q. MARKETING	07/07/98	8,727.27
W-339, 340	T.I.Q. MARKETING	07/07/98	6,681.82
W-341	TAIHON CHEMICALS INC	03/20/98	10,909.09
W-371	THE UNITED POLYRESINS, INC.	12/29/97	3,218.18
W-377, 378	TRANE PHIL	07/23/98	9,436.36
W-416, 417	TRANE PHIL	08/19/98	9,436.36
W-380	TRELLEBORG	03/26/98	40,745.46
W-381	TRELLEBORG	01/08/98	5,363.64
W-383	TRI-S FILIPINAS, INC.	03/30/98	1,750.00
W-385	TRITON COMM'S CORP.	03/11/98	33,618.18
W-386	TRITON COMM'S CORP.	01/17/98	29,090.91
W-387	UNIMATE INT'L. INC.	03/12/98	2,320.77
W-388	UNIMATE INT'L. INC.	03/11/98	1,080.00
W-389	UNIMATE INT'L. INC.	03/11/98	1,275.46
W-392, 393	UNIWELL TECH. CORP.	07/06/98	16,351.05
W-394	UP-TOWN IND. SALES	03/31/98	4,484.18
W-418	WELLTECH SERVICE CORPORATION	07/06/98	1,227.27
W-403	WESOLV OPEN COMPUTING INC.	01/22/98	7,396.55
W-404	WILLIAM & COMPANY PHILS INC.	03/17/98	20,000.00
W-405	WINCEL ENTERPRISES	02/11/98	4,887.27
W-406	WINCEL ENTERPRISES	02/11/98	4,939.64
W-419, 420	WINCEL ENTERPRISES	02/04/98	2,618.18
		Subtotal	***624,852.42***
		Total	**1,209,653.71**
Purchase of goods/services supported by invoice/OR but not in the name of petitioner.			
Batch #1			
U-26	AMANTE AIR BALANCE INC.	04/27/98	1,090.91
U-27	AMANTE AIR BALANCE INC.	04/27/98	3,000.00
U-27, 30	AMANTE AIR BALANCE INC.	04/27/98	4,363.64
U-29	AMANTE AIR BALANCE INC.	05/08/98	2,727.27
U-28	AMANTE AIR BALANCE INC.	04/22/98	5,181.82
U-31	AMANTE AIR BALANCE INC.	05/20/98	3,272.73
U-32	AMANTE AIR BALANCE INC.	06/08/98	1,090.91
U-32, 33	AMANTE AIR BALANCE INC.	06/08/98	3,272.73

U-94, 95	BETA ELECTRIC	06/17/98	100,000.00
		Subtotal	***124,000.01***
Batch #2			
V-78	FILCONFAB, INC.	4/2/1998	**2,272.73**
		Subtotal	***2,272.73***
Batch #3			
W-408	AUTOMATED TOOL FAB. RESOURCES	05/15/98	1,928.50
W-409	AUTOMATED TOOL FAB. RESOURCES	05/15/98	402.00
W-410	AUTOMATED TOOL FAB. RESOURCES	05/15/98	90.00
W-46	MAEDAN ENTERPRISE	04/13/98	5,454.55
W-91	MICRO DATA SYSTEM & MGT., INC.	03/27/98	29,545.46
W-342, 343	TECHNI-TOOL ENG'G	03/23/98	5,190.00
W-342, 344, 345	TECHNI-TOOL ENG'G	03/23/98	20,760.00
W-342, 346, 347	TECHNI-TOOL ENG'G	03/23/98	10,380.00
W-342, 348, 349	TECHNI-TOOL ENG'G	03/23/98	10,380.00
W-342, 350, 351	TECHNI-TOOL ENG'G	03/23/98	10,380.00
W-342, 352, 353	TECHNI-TOOL ENG'G	03/23/98	10,380.00
W-342, 354, 355	TECHNI-TOOL ENG'G	02/26/98	5,190.00
W-342, 356, 357	TECHNI-TOOL ENG'G	02/26/98	5,190.00
W-342, 358, 359	TECHNI-TOOL ENG'G	02/26/98	5,190.00
W-415	TOP-MASTER METAL	04/02/98	20,056.00
W-421	ZUELLIG PHARMA	06/10/98	4,990.91
W-422	ZUELLIG PHARMA	06/08/98	1,756.18
W-423	ZUELLIG PHARMA	06/08/98	482.91
W-424	ZUELLIG PHARMA	06/08/98	1,409.09
		Subtotal	***149,155.60***
		Total	**275,428.34**
Purchase of goods/services supported by "TIN-V" invoice/OR.			
Batch #1			
U-1	A.T. TONIO ENTERPRISES	04/20/98	405.68
U-18	ADD SERVICES & SUPPLY	04/22/98	6,818.18
U-19	ADD SERVICES & SUPPLY	04/24/98	36,000.00
U-20	ADD SERVICES & SUPPLY	04/24/98	11,397.27
U-41, 43	ASIA PACIFIC COMPUTER TECHNOLOGY CENTER	05/19/98	23,185.46
U-44, 45	ASIA PACIFIC COMPUTER TECHNOLOGY CENTER	06/24/98	9,541.82
U-46, 47	ASIA PACIFIC COMPUTER TECHNOLOGY CENTER	08/14/98	1,296.00
U-159	DINGCA ENTERPRISE	04/16/98	1,820.70
U-160	DINGCA ENTERPRISE	04/06/98	5,106.66

U-161	DINGCA ENTERPRISE	02/20/98	5,762.21
U-162	DINGCA ENTERPRISE	04/07/98	3,122.73
U-163	DINGCA ENTERPRISE	05/05/98	11,281.82
		Subtotal	***115,738.53***
Batch #2			
V-273	GMV CORPORATION	5/19/1998	3,363.64
V-273	GMV CORPORATION	5/19/1998	2,943.18
V-273	GMV CORPORATION	5/19/1998	3,363.64
V-636	JAC INDUSTRIAL SALES	3/23/1998	2,113.64
V-637	JAC INDUSTRIAL SALES	3/23/1998	4,635.68
V-638	JAC INDUSTRIAL SALES	4/4/1998	4,510.91
V-639	JAC INDUSTRIAL SALES	4/4/1998	2,941.36
V-640	JAC INDUSTRIAL SALES	5/2/1998	2,200.00
V-641	JAC INDUSTRIAL SALES	5/2/1998	4,472.73
V-642	JAC INDUSTRIAL SALES	5/2/1998	1,363.64
V-643	JAC INDUSTRIAL SALES	4/21/1998	4,963.91
V-644	JAC INDUSTRIAL SALES	4/21/1998	279.55
V-645	JAC INDUSTRIAL SALES	4/21/1998	2,987.45
V-646	JAC INDUSTRIAL SALES	4/21/1998	509.09
V-647	JAC INDUSTRIAL SALES	4/22/1998	3,105.09
V-648	JAC INDUSTRIAL SALES	4/21/1998	721.36
V-649	JAC INDUSTRIAL SALES	4/21/1998	2,454.55
V-650	JAC INDUSTRIAL SALES	4/21/1998	627.27
V-651	JAC INDUSTRIAL SALES	4/22/1998	1,730.91
V-652	JAC INDUSTRIAL SALES	4/21/1998	855.00
V-653	JAC INDUSTRIAL SALES	4/21/1998	1,318.18
V-654	JAC INDUSTRIAL SALES	4/21/1998	3,072.73
V-655	JAC INDUSTRIAL SALES	4/21/1998	602.18
V-656	JAC INDUSTRIAL SALES	4/22/1998	4,309.08
V-657	JAC INDUSTRIAL SALES	4/21/1998	2,163.64
V-658	JAC INDUSTRIAL SALES	4/14/1998	208.45
V-659	JACINTO INDUSTRIAL	3/21/1998	5,600.00
		Subtotal	***67,416.85***
Batch #3			
W-16	L.C.U. DESIGNS, INC.	04/15/98	1,080.00
W-17	L.C.U. DESIGNS, INC.	04/20/98	14,236.36
W-18	L.C.U. DESIGNS, INC.	04/16/98	11,072.73
W-19	L.C.U. DESIGNS, INC.	03/30/98	3,250.00
W-20	L.C.U. DESIGNS, INC.	04/30/98	16,663.64
W-21	L.C.U. DESIGNS, INC.	04/29/98	20,544.55
W-22	L.C.U. DESIGNS, INC.	04/23/98	2,570.00
W-23	L.C.U. DESIGNS, INC.	05/26/98	3,570.27
W-24	L.C.U. DESIGNS, INC.	06/01/98	2,590.91
W-24	L.C.U. DESIGNS, INC.	05/30/98	3,927.27
W-72	MDA WOODCRAFT	04/20/98	14,861.00
W-252	SINOFIL PHILS., INC.	04/07/98	9,672.73
W-253	SINOFIL PHILS., INC.	04/03/98	1,309.09
		Subtotal	***105,348.55***
		Total	

			288,503.93
Purchase of goods/services not supported by the required documents.			
Batch #1			
U-3	ABB KOPPEL INC.	02/06/98	50,045.16
U-5	ABB KOPPEL INC.	02/06/98	37,533.87
		Subtotal	***87,579.03***
Batch #3			
W-228	SCANDIA DESIGN	01/20/98	13,373.60
W-302, 303	SMART COMMUNICATIONS, INC.	04/17/98	389.21
W-304, 305	SMART COMMUNICATIONS, INC.	04/17/98	42.78
W-306, 307	SMART COMMUNICATIONS, INC.	06/08/98	158.21
W-308, 309	SMART COMMUNICATIONS, INC.	05/04/98	148.42
W-310, 311	SMART COMMUNICATIONS, INC.	05/05/98	86.77
W-312, 313	SMART COMMUNICATIONS, INC.	05/20/98	146.32
W-312, 314	SMART COMMUNICATIONS, INC.	05/20/98	169.32
W-312, 315	SMART COMMUNICATIONS, INC.	05/20/98	151.76
		Subtotal	***14,666.39***
		Total	**102,245.42**
Purchase of goods supported by zero-rated sales invoice.			
Batch #1			
U-141	CONSOLIDATED IND'L GASES INC.	04/16/98	7,028.40
U-141	CONSOLIDATED IND'L GASES INC.	04/16/98	5,299.47
U-141	CONSOLIDATED IND'L GASES INC.	04/16/98	7,273.34
U-141	CONSOLIDATED IND'L GASES INC.	04/16/98	5,510.77
U-141	CONSOLIDATED IND'L GASES INC.	04/16/98	6,831.92
U-141	CONSOLIDATED IND'L GASES INC.	04/16/98	6,750.99
U-141	CONSOLIDATED IND'L GASES INC.	04/16/98	6,260.24
U-142	CONSOLIDATED IND'L GASES INC.	04/16/98	6,938.33
U-142	CONSOLIDATED IND'L GASES INC.	04/16/98	5,751.39
U-142	CONSOLIDATED IND'L GASES INC.	04/16/98	7,162.41
U-142	CONSOLIDATED IND'L GASES INC.	04/16/98	6,704.22
U-142	CONSOLIDATED IND'L GASES INC.	04/16/98	6,487.19
U-142	CONSOLIDATED IND'L GASES INC.	04/16/98	6,230.77
U-142	CONSOLIDATED IND'L GASES INC.	04/16/98	7,333.52
U-143	CONSOLIDATED IND'L GASES INC.	04/16/98	7,183.85
U-143	CONSOLIDATED IND'L GASES INC.	04/16/98	7,237.78
U-143	CONSOLIDATED IND'L GASES INC.	04/16/98	8,396.65
U-143	CONSOLIDATED IND'L GASES INC.	04/16/98	6,422.30
U-143	CONSOLIDATED IND'L GASES INC.	04/16/98	7,329.61
U-143	CONSOLIDATED IND'L GASES INC.	04/16/98	7,468.89
U-143	CONSOLIDATED IND'L GASES INC.	04/16/98	3,802.22
U-144	CONSOLIDATED IND'L GASES INC.	04/16/98	7,305.10
U-144	CONSOLIDATED IND'L GASES INC.	04/16/98	6,577.94
U-144	CONSOLIDATED IND'L GASES INC.	04/16/98	3,621.44
U-144	CONSOLIDATED IND'L GASES INC.	04/16/98	5,319.39
U-144	CONSOLIDATED IND'L GASES INC.	04/16/98	6,684.54

U-144	CONSOLIDATED IND'L GASES INC.	04/16/98	7,359.09
		Total	***176,271.76***
Purchase of goods supported by invoice not registered with the BIR			
Batch #3			
W-368	TELPLUS	05/19/98	49,410.90
W-369	TELPLUS	05/19/98	51,908.01
		Total	***101,318.91***
		Grand Total	**2,153,422.07**

Thus, petitioner was able to support by proper VAT invoices and/or official receipts input taxes in the amount of P7,548,478.78, computed as follows:

Claimed Input Taxes for Refund			P	11,770,181.70
Less: Disallowances per Commissioned Independent CPA's Report	P	2,081,372.31		
Adjustment on disallowances made by Commissioned Independent CPA as per this Court's further verification		(13,091.46)		
Additional disallowances per this Court's further verification		2,153,422.07		4,221,702.92
Total Substantiated Amount			**P**	**7,548,478.78**

WHEREFORE, premises considered, petitioner's claim for refund is hereby PARTIALLY GRANTED. Accordingly, respondent is hereby ORDERED TO REFUND in favor of petitioner the reduced amount of P7,548,478.78, representing petitioner's VAT input taxes on its domestic purchases of goods and services for the period April 1, 1998 to June 30, 1998.

SO ORDERED.

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

WE CONCUR:

ERNESTO D. ACOSTA
Presiding Justice

(On Leave)
LOVELL R. BAUTISTA
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.

ERNESTO D. ACOSTA
Presiding Justice