REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SECOND DIVISION

ACTUATE BUILDERS, INC., *Petitioner,*	**CTA CASE NO. 9206** For: Refund
	Members:
-versus-	
	CASTAÑEDA, JR., *Chairperson,* MINDARO-GRULLA, and BACORRO-VILLENA, *JJ.*
COMMISSIONER OF INTERNAL REVENUE, *Respondent.*	Promulgated:
	FEB 12 2020 9:30 a.m.

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DECISION

MINDARO-GRULLA, J.:

Submitted for decision on March 5, 2019 is a *Petition for Review* filed by Actuate Builders, Inc. against the Commissioner of Internal Revenue on November 23, 2015, praying for the refund or issuance of a tax credit certificate in the amount of ₱12,251,028.97, allegedly representing excess and unutilized input value-added tax (VAT) paid for the second (2nd) to fourth (4th) quarters of calendar year (CY) 2013.[1]

Petitioner Actuate Builders, Inc. is a corporation duly organized and existing under the laws of the Philippines, with Securities and Exchange Commission Company Reg. No. CS201015526.[2] It is also registered with the Bureau of Internal Revenue (BIR) as a VAT taxpayer, with Taxpayer Identification Number 007-883-702-000.[3]

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[1] Refer to the Pre-Trial Order dated June 1, 2016, Docket – Vol. I, p. 190.
[2] Exhibit "P-1", Docket – Vol. II, pp. 471 to 493.
[3] Exhibit "P-2", Docket – Vol. II, p. 495.

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On the other hand, respondent is vested with the power to decide tax cases, including applications for refunds and/or tax credits. He is represented in this case by the legal officers of the Legal Division, Revenue Region 8, Makati City, with office address at 2/F Legal Division, BIR Bldg., No. 313 Sen. Gil Puyat Ave., Makati City.[4]

On June 26, 2015, petitioner filed with the BIR an *Application for Tax Credits/Refunds* and the letter dated June 26, 2015, applying for refund of its alleged excess and unutilized input VAT in the amount of ₱12,251,028.97, for the 2nd to 4th quarters of the CY ending December 31, 2013.[5]

Petitioner filed the instant *Petition for Review* on November 23, 2015.[6]

Respondent filed his *Answer* on January 18, 2016,[7] interposing the following special and affirmative defenses, to wit:

"**SPECIAL AND AFFIRMATIVE DEFENSES**

6. Respondent reproduces and repleads all the foregoing allegations insofar as they are relevant to her defenses which are discussed hereunder and incorporates them herein by way of reference and, in addition thereto, most respectfully avers THAT:

7. Petitioner's alleged claim for issuance of tax credit certificate is still subject to administrative routinary investigation/examination by the respondent's Bureau.

8. Taxes paid and collected are presumed to have been made in accordance with law, hence, not refundable.

9. Petitioner's claim for refund or issuance of tax credit certificate, if any, in the amount of Php12,251,028.97, representing alleged unutilized/excess input VAT for the second to fourth quarters of calendar year 2013, were not substantiated by proper documents, such [as] sales invoices, official receipts and others[,] pursuant to Revenue

[4] Par. 1.b, Stipulation of Fact, *Joint Stipulation of Facts and Issue* (JSFI), Docket – Vol. I, p. 175.
[5] Exhibit "P-8", Docket – Vol. I, pp. 363 to 374.
[6] Docket – Vol. I, pp. 10 to 25.
[7] Docket – Vol. I, pp. 97 to 100.

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Regulations No. 7-95 in relation to Section[s] 113 and 237 of the 1997 Tax Code.

10. In an action for refund/credit, the burden of proof is on the petitioner to establish its right to [the] claimed refund[,] and failure to adduce sufficient proof is fatal to the claim for tax refund/credit.

11. It is incumbent upon the latter to show that it has complied with the provisions under Section 204 (c) in relation to Section 229 of the Tax Code. Otherwise, its failure to prove the same is fatal to its claim for refund.

12. Claims for refund are construed strictly against herein petitioner since the same partakes the nature of exemption from taxation (***Commissioner of Internal Revenue vs. Ledesma, 31 SCRA 95***) and as such, they are looked upon with disfavor (***Western Minolco Corp. vs. Commissioner of Internal Revenue, 124 SCRA 121).***"

The Pre-Trial Conference was set and held on March 17, 2016.[8] Petitioner's *Pre-Trial Brief* was filed on March 14, 2016,[9] whereas the *Pre Trial Brief (for the Respondent)* was submitted on March 11, 2016.[10]

The parties filed their *Joint Stipulation of Facts and Issues* on April 26, 2016,[11] which was approved and adopted by the Court in the Pre-Trial Order dated June 1, 2016.[12] The Court also deemed the Pre-Trial terminated.

During trial, petitioner presented its documentary and testimonial evidence. Petitioner offered the testimonies of the following individuals: (1) Ms. Ma. Corazon C. Ramos,[13] Finance

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[8] Notice of Pre-Trial Conference dated January 29, 2016, Docket – Vol. I, pp. 102 to 103; Minutes of the hearing held on March 17, 2016, Docket – Vol. I, p. 143.
[9] Docket – Vol. I, pp. 104 to 113.
[10] Docket – Vol. I, pp. 148 to 149.
[11] Docket – Vol. I, pp. 175 to 183.
[12] Docket – Vol. I, pp. 190 to 194.
[13] Exhibit "P-10", Docket – Vol. I, pp. 118 to 138; Minutes of the hearing held on April 27, 2016, Docket – Vol. I, pp. 172 to 174.

Manager of petitioner; and (2) Ms. Myra Celeste Dabalos,[14] the Court-commissioned Independent Certified Public Accountant (ICPA).[15]

Thereafter, the *ICPA Report* was submitted to the Court on June 6, 2016.[16]

The *Formal Offer of Exhibits of Petitioner Actuate Builder's Inc. with Motion for Commissioner's Hearing* was filed on September 13, 2016.[17] Respondent, however, failed to file his comment thereon.[18]

In the Resolution dated November 4, 2016,[19] the Court granted petitioner's *Motion for Commissioner's Hearing*; set the case for a Commissioner's Hearing on November 28, 2016; and held in abeyance the resolution on petitioner's *Formal Offer of Exhibits*.

On December 6, 2016, petitioner filed a *Motion to Substitute Exhibit P-1*.[20]

In the Resolution dated February 10, 2017,[21] the Court resolved petitioner's *Motion to Substitute* and *Formal Offer of Exhibits*, and admitted certain Exhibits. The details of the denied Exhibits are as follows:

"1. The exhibits listed below, for failure of the document offered and identified to correspond to the document marked:

Exhibit	Description in Formal Offer of Exhibit and Identified by Witness as	Document marked
P-1	ABI's Certificates of Incorporation and of Filing of **Amended** Articles of Incorporation with Company Registration No. CS201015526	ABI's Certificate of Incorporation and Articles of Incorporation with Company

[14] Exhibit "P-53", Docket – Vol. I, pp. 206 to 219; Minutes of the hearing held on, and Order dated, August 3, 2016, Docket – Vol. I, pp. 246 to 247.
[15] *Oath of Commission* dated April 27, 2016, Docket – Vol. I, p. 171; Minutes of the hearing held on April 27, 2016, Docket – Vol. I, pp. 172 to 174.
[16] Docket – Vol. I, p. 200.
[17] Docket – Vol. I, pp. 257 to 278.
[18] Records Verification dated October 6, 2016 issued by the Judicial Records Division of this Court, Docket – Vol. I, p. 376.
[19] Docket – Vol. I, pp. 378 to 379.
[20] Docket – Vol. II, pp. 383 to 385.
[21] Docket – Vol. II, pp. 411 to 414.

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	issued by the SEC on 23 September 2010	Registration No. CS201015526 issued by the SEC on 23 September 2010
P-11-E	Summary of Results of Input Tax Verification Review for the Period **January 1, 2012** to **December 31, 2012**	Summary of Results of Input Tax Verification Review for the Period **April 1, 2013** to **December 31, 2013**

2. The exhibits listed below, for failure of the document offered to correspond to the document marked:

Exhibit	Description in Formal Offer of Exhibit and Identified by Witness	Document marked
P-2	ABI's BIR Registration Certificate numbered **OCN9RC0000042745** issued by Revenue District No. 050 on **08 April 2015**	ABI's BIR Registration Certificate numbered **OCN9RC0000291644** issued by Revenue District No. 050 on **26 November 2010**
P-5	ABI's Quarterly VAT Return for the 4th Quarter of CY 2013 (1 October to 31 December 2013) as filed on **27 January 2014**	No dated was indicated. The Court noted that this is an **amended** Quarterly VAT Return and that Exhibit 'P-5' included in the ICPA's exhibits pertains to the **original** Quarterly VAT Return for the 4th Quarter CY 2013 while Exhibit 'P-34' pertains to the **amended** Quarterly VAT Return for the 4th Quarter CY 2013.

3. **Exhibits 'P-6-a', 'P-6-b', 'P-6-c', 'P-6-d', 'P-6-d-1', 'P-6-e', 'P-6-e-1', 'P-6-f', 'P-6-f-1', 'P-7'**, and **'P-9'**, for failure to present their originals for comparison; and

4. Exhibits **'P-11-D-2-61'** and **'P-11-D-7-327'**, for not being found in the records."

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On February 16, 2017, respondent filed a *Manifestation,* [22] stating that he will no longer be presenting any evidence in this case. The same was noted by the Court in its Resolution dated March 7, 2017.[23]

Subsequently, on March 2, 2017, petitioner filed a *Motion (Re: For Leave),*[24] praying that it be granted leave to file its intended relief to the Resolution dated February 10, 2017, until March 17, 2017. Moreover, on March 17, 2017, petitioner also filed a *Motion (Re: For Reconsideration and to Reopen Trial),*[25] praying for the following:

> "(a) Reconsider the denial of admission of Exhibits 'P-6-a' to 'P-6-f' and 'P-11-E'; or to recall Ma. Corazon Ramos to authenticate Exhibits 'P-6-a' to 'P-6-f', in the event the Honorable Court declines to reconsider their offered admission; and
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> (b) Reopen the proceedings in respect of Exhibits 'P-1', 'P-2', 'P-5', 'P-7' and 'P-9'."

Respondent failed to file his comment on both *Motions.*[26]

In the Resolution dated September 20, 2017,[27] the Court: (i) granted petitioner's *Motion (Re: For Leave),* and *Motion to Reopen Trial* with respect to its prayer to set a commissioner's hearing to mark and submit Exhibits "P-1", "P-2", "P-5", "P-7" and "P-9" to conform to the offer; (ii) set the commissioner's hearing on October 9, 2017; and (iii) held in abeyance the resolution on petitioner's *Motion for Reconsideration.*

Thereafter, in the Resolution dated February 7, 2018,[28] the Court admitted Exhibits "P-11-E" and "P-7", but still ***denied*** the admission of the following exhibits:

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[22] Docket – Vol. II, pp. 418 to 419.
[23] Docket – Vol. II, p. 426.
[24] Docket – Vol. II, pp. 422 to 424.
[25] Docket – Vol. II, pp. 428 to 432.
[26] Records Verification dated April 12, 2017 issued by the Judicial Records Division of this Court, Docket – Vol. II, p. 438.
[27] Docket – Vol. II, pp. 445 to 446.
[28] Docket – Vol. II, pp. 451 to 453.

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1) Exhibit "P-1" and "P-5", for failure of the documents offered and identified to correspond to the documents marked; and

2) Exhibits "P-6-a", "P-6-b", "P-6-c", "P-6-d", "P-6-d-1", "P-6-e", "P-6-e-1", "P-6-f", "P-6-f-1", and "P-9", for failure to present their originals for comparison.

On March 14, 2018, petitioner filed a *Memorandum with Motion for Reconsideration and to Recall Witness*,[29] praying for the Court to (1) schedule one (1) Commissioner's Hearing for the comparison and marking of Exhibits "P-9" and "P-2"; (2) to allow petitioner to recall and present its witness, Ma. Corazon C. Ramos, to identify and authenticate Exhibit "P-2"; and (3) grant a tax refund or direct the issuance of a tax credit certificate as may be warranted by the evidence. No comment was filed thereon by respondent.[30]

Thus, in the Resolution dated August 31, 2018,[31] the Court: (1) granted petitioner's motion to recall witness; (2) set a Commissioner's Hearing on September 10, 2018 for the comparison and/or marking of Exhibits "P-2" and "P-9"; (3) set the hearing for the recall of petitioner's witness, Ms. Ma. Corazon C. Ramos, on September 19, 2018; (4) gave petitioner a period of five (5) days to file its *Amended Formal Offer of Evidence*; (5) gave respondent the same period from receipt of petitioner's *Amended Formal Offer of Evidence* to file his comment thereon; and (6) held in abeyance the resolution on petitioner's *Motion for Reconsideration*.

At the hearing held on October 17, 2018,[32] petitioner's witness, Ms. Ma. Corazon C. Ramos, was recalled to the witness stand, and upon motion of the counsel for petitioner, the latter was granted five (5) days or until October 22, 2018 to file its *Supplemental Formal Offer of Evidence*. And upon motion of respondent's counsel, the latter was also granted five (5) days from receipt of petitioner's *Supplemental Formal Offer of Evidence* to file his comment thereto.

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[29] Docket – Vol. II, pp. 454 to 469.
[30] Records Verification dated April 18, 2018 issued by the Judicial Records Division of this Court, Docket – Vol. II, p. 498.
[31] Docket – Vol. II, pp. 500 to 502.
[32] Minutes of the hearing held on, and Order dated, October 17, 2018, Docket – Vol. II, pp. 525 to 526.

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On October 12, 2018, petitioner filed a *Manifestation (Re: Submission of "Supplemental Sworn Witness Statement (Ma. Corazon C. Ramos")*, with attached *Supplemental Sworn Witness Statement (Ma. Corazon C. Ramos).* [33]

Thereafter, the *Supplemental Formal Offer of Exhibits of Petitioner* was filed on October 22, 2018,[34] *sans* respondent's comment.[35]

In the Resolution dated December 19, 2018,[36] the Court granted petitioner's *Motion for Reconsideration*, and admitted Exhibits "P-54",[37] "P-1", "P-2", and "P-9", as part of petitioner's documentary evidence.

Petitioner's exhibits are as follows:

Exhibits:	**Description:**
P-1	ABI's Certificate of Incorporation and of Filing of Amended Articles of Incorporation with Company Registration No. CS201015526 issued by the SEC on 23 September 2010
P-2	ABI's BIR Registration Certificate numbered OCN9RC0000042745 issued by Revenue District No. 050 on 08 April 2015.
P-3	ABI's Quarterly VAT Return for the 2nd Quarter CY 2013 (1 April to 30 June 2013) as filed on 25 July 2013.
P-4	ABI's Quarterly VAT Return for the 3rd Quarter CY 2013 (1July to 30 September 2012) as filed via eFPS on 25 October 2012.
P-5	ABI's Quarterly VAT Return for the 4th Quarter CY 2013 (1 October to 31 December 2013) as filed on 27 January 2014.

[33] Docket – Vol. II, pp. 527 to 533.
[34] Docket – Vol. II, pp. 538 to 543.
[35] Records Verification dated November 16, 2018 issued by the Judicial Records Division of this Court, Docket – Vol. II, p. 551.
[36] Docket – Vol. II, pp. 553 to 555.
[37] *Supplemental Sworn Witness Statement (Ma. Corazon C. Ramos)*, Docket – Vol. II, pp. 544 to 548.

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P-6	Ms. Ma. Corazon Ramos' Sworn Certification of the method of the summaries.
P-6-f-1	Schedule of Actuate's sales for the Fourth Quarter CY 2013 arranged by customer.
P-7	PEZA Certificate of Registration of Diversified Technology Solutions International, Inc.
P-8	The letter of Actuate's counsel, Nisce Mamuric Guinto Rivera & Alcantara, to the Bureau of Internal Revenue, containing the applications for VAT refund.
P-8-a	ABI's Appilications for Tax Credit /Refund for the Second Quarter CY 2013.
P-8-b	ABI's Applications for Tax Credit/Refund for the Third Quarter CY 2013.
P-8-c	ABI's Applications for Tax Credit/Refund for the Fourth Quarter CY 2013.
P-9	Certification issued by the Department of Finance.
P-10	Sworn Witness Statement of Ma. Corazon C. Ramos.
P-11	Independent Certified Public Accountant Report
P-11-B	Summary VAT Returns filed (for the period covering the First Quarter of 2013 to the First Quarter of 2016).
P-11-C	Comparison of Input tax per Petitioner's Schedule of Input Tax Against Quarterly VAT Returns.
P-11-D-1-1 to P-11-D-1-1022	Invoices, Official Receipts and Other documents supporting Petitioner's Input VAT claim for the month of April 2013.
P-11-D-2-1 To P-11-D-2-823	Invoices, Official Receipts and Other documents supporting Petitioner's Input VAT claim for the month of May 2013.
P-11-D-3-1 To P-11-D-3-490	Invoices, Official Receipts and Other documents supporting Petitioner's Input VAT claim for the month of June 2013.
P-11-D-4-1	Invoices, Official Receipts and Other documents

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to P-11-D-4-665	supporting Petitioner's Input VAT claim for the month of July 2013.
P-11-D-5-1 to P-11-D-5-609	Invoices, Official Receipts and Other documents supporting Petitioner's Input VAT claim for the month of August 2013.
P-11-D-6-1 to P-11-D-6-824	Invoices, Official Receipts and Other documents supporting Petitioner's Input VAT claim for the month of September 2013.
P-11-D-7-1 to P-11-D-7-21	Invoices, Official Receipts and Other documents supporting Petitioner's Input VAT claim for the month of October 2013.
P-11-D-8-1 to P-11-D-8-726	Invoices, Official Receipts and Other documents supporting Petitioner's Input VAT claim for the month of November 2013.
P-11-D-9-1 To P-11-D-9-732	Invoices, Official Receipts and Other documents supporting Petitioner's Input VAT claim for the month of December 2013.
P-11-E	Summary of Results of Input Tax Verification Review for the period January 1, 2012 to December 31, 2012
P-11-E-1	Input tax claimed on purchase of goods and services that are supported by VAT Invoices (for goods) or VAT ORs (for services) that are issued in the name of the petitioner in the quarter when the input taxes are claimed.
P-11-E-2	Input tax claimed on domestic purchase of goods supported by a VAT invoice with correction in the Company's name with counter signature.
P-11-E-3	Input tax claimed on domestic purchase of goods supported by a VAT invoice with correction in the Invoice amount with counter signature.
P-11-E-4	Input tax claimed on domestic purchase of goods supported by a VAT invoice with correction in the Invoice date with counter signature.
P-11-E-5	Input tax claimed on domestic purchase of goods supported by a VAT invoice not dated within the VAT-taxable quarter but within the VAT taxable year.
P-11-E-6	Input tax claimed on domestic purchases of services supported by a VAT or not dated within the VAT-taxable quarter but within the VAT-taxable year.

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P-11-E-7	Input tax claimed on domestic purchases of goods supported only by a Certified True Copy of the VAT Invoice.
P-11-E-8	Input tax claimed on domestic purchase of goods supported by VAT documents other than a VAT Invoice.
P-11-E-9	Input tax claimed on domestic purchases of goods supported by other Non-VAT document.
P-11-E-10	Over-claimed Input VAT on allowed portion.
P-11-E-11	Input tax claimed on domestic purchases of goods supported by TIN-NV/NON VAT Sales Invoices.
P-11-E-12	Input tax claimed on domestic purchase of goods supported by a VAT invoice but without invoice date.
P-11-E-13	Input tax claimed on domestic purchase of goods supported by a VAT Invoice issued in the Petitioner's name without the Petitioner's TIN and/or address but supported by VAT OR with TIN and Address.
P-11-E-14	Input tax claimed on domestic purchase of goods supported by a VAT Invoice issued in the Petitioner's name without the Petitioner's TIN and/or address and supported by VAT OR or any other document without TIN and/or Address.
P-11-E-15	Input tax claimed on domestic purchase of goods supported by a VAT Invoice but not dated within the taxable year.
P-11-E-16	Input tax claimed on domestic purchase of goods supported by a VAT Invoice but without BIR's Authority to Print/Permit to Print.
P-11-E-17	Input tax claimed on domestic purchase of goods supported by a VAT Invoice but not an original copy.
P-11-E-18	Input tax claimed on domestic purchase of goods supported by a VAT Invoice with correction in the amount without counter signature.
P-11-E-19	Input tax claimed on domestic purchase of goods supported by a VAT Invoice with correction in the year of the invoice date without counter signature.

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P-11-E-20	Input tax claimed on domestic purchase of goods supported by a VAT Invoice with correction in the month/day of the invoice date.
P-11-E-21	Input tax claimed on domestic purchase of goods supported by a VAT Invoice with corrections in the TIN written in the Invoice without counter signature but in the name of the petitioner.
P-11-E-22	Input tax claimed on domestic purchase of goods supported by a VAT Invoice with incorrect TIN of Petitioner but supported by VAT OR with correct TIN and Address.
P-11-E-23	Input tax claimed on domestic purchase of goods supported by a VAT Invoice with incorrect TIN of Petitioner and supported by VAT OR or any other document without TIN and/or Address.
P-11-E-24	Supplier's name in the supporting document is different from the supplier's name indicated in the summary list of purchase of goods.
P-11-E-25	Input tax claimed on purchases of goods supported by a VAT Invoice dated August 31, 2013 onwards with ATP dated PRIOR to January 1, 2011.
P-11-E-26	Input tax claimed on domestic purchase of goods supported by a VAT Invoice dated January 18, 2013 onwards with ATP dated January 1, 2011 to January 17, 2013, the new ATP is NOT issued on or before August 30, 2013 and the term "valid until October 31, 2013 only" is NOT stamped prominently on the face of the invoice.
P-11-E-27	Input tax claimed on domestic purchase of goods supported by a VAT documents other than a VAT Invoice.
P-11-E-28	Input tax claimed on domestic purchase of goods supported by other Non-VAT document.
P-11-E-29	Input tax claimed on domestic purchases of services supported by a VAT OR but not an original copy.
P-11-E-30	Input tax claimed on domestic purchases of services supported by a VAT OR not issued in the name of the petitioner but with TIN and address of the Petitioner.
P-11-E-31	Input tax claimed on domestic purchases of services supported by a VAT OR not issued in the name of the

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	Petitioner but without TIN and/or address of the petitioner.
P-11-E-32	Input tax claimed on domestic purchases of services supported by Non VAT Registered TIN OR only.
P-11-E-33	Input tax claimed on domestic purchases of services supported by VAT OR issued in the Petitioner's name but without the Petitioner's TIN and/or Address and supported by VAT Invoice or any other document also without TIN and/or Address
P-11-E-34	Input tax claimed on domestic purchases of services supported by a VAT OR but not dated within the taxable year.
P-11-E-35	Input tax claimed on domestic purchases of services supported by VAT OR but with alteration in the name of the Petitioner
P-11-E-36	Input tax claimed on domestic purchases of services supported by TIN-NV/NON VAT Official Receipts
P-11-E-37	Input tax claimed on domestic purchases of services supported by VAT OR but without BIR's Authority to Print/Permit to Print
P-11-E-38	Input tax claimed on domestic purchases of services supported by a VAT OR with correction in the OR date without counter signature
P-11-E-39	Input tax claimed on domestic purchases of services supported by VAT OR issued in the name of the Petitioner with incorrect TIN and supported by VAT OR or any other document also without TIN and/or Address
P-11-E-40	Input tax claimed on domestic purchase of services supported by VAT OR. "However, the sentence "This is not a source of input tax." Is printed in the VAT OR
P-11-E-41	Input tax claimed on domestic purchases of services supported by VAT OR dated January 18, 2013 onwards with ATP dated January 1, 2011 to January 17, 2013, the new ATP is NOT issued on or before August 30, 2013 and the term "valid until October 31, 2013 only" is NOT stamped prominently on the face of the receipt
P-11-E-42	Input VAT claimed twice

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P-11-E-43	Input tax claimed on domestic purchases of goods and services WITHOUT supporting documents
P-11-F	Summary of Official Receipts with Corresponding Invoices
P-11-F-1 to P-11-F-622	Petitioner's Official Receipts with Corresponding Invoices and Other Supporting Documents
P-11-G	Summary of sales per Return vs. should be gross receipts
P-11-H	Comparison of Gross Receipts per Return Against Collections per ORs.
P-20 & sub Markings	Quarterly Value-Added Tax Return (BIR Form 2550-Q) for the 1st quarter of taxable year 2014 filed on April 25, 2014
P-21	Quarterly Value-Added Tax Return (BIR Form 2550-Q) for the 2nd quarter of taxable year 2014 filed on July 25, 2014.
P-22	Quarterly Value-Added Tax Return (BIR Form 2550-Q) for the 3rd quarter of taxable year 2014 filed on October 27, 2014
P-23 & sub markings	Quarterly Value-Added Tax Return (BIR Form 2550-Q) for the 4th quarter of taxable year 2014 filed on January 26, 2015
P-24	Quarterly Value-Added Tax Return (BIR Form 2550-Q) for the 1st quarter of taxable year 2015 filed on April 27, 2015
P-25	Quarterly Value-Added Tax Return (BIR Form 2550-Q) for the 2nd quarter of taxable year 2015 filed on July 25, 2015
P-26 & sub markings	Amended Quarterly Value-Added Tax Return (BIR Form 2550-Q) for the 2nd quarter of taxable year 2015 filed on December 21, 2015
P-27	Quarterly Value-Added Tax Return (BIR Form 2550-Q) for the 3rd quarter of taxable year 2015 filed on October 23, 2015
P-28	Amended Quarterly Value-Added Tax Return (BIR Form 2550-Q) for the 3rd quarter of taxable year 2015 filed on December 21, 2015

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P-29 & sub markings	Quarterly Value-Added Tax Return (BIR Form 2550 Q) for the 4th quarter of taxable year 2015 filed on January 25, 2016
P-30	Quarterly Value-Added Tax Return (BIR Form 2550-Q) for the 1st quarter of taxable year 2016 filed on April 23, 2016
P-31	Quarterly Value-Added Tax Return (BIR Form 2550-Q) for the 1st quarter of taxable year 2013 filed on April 25, 2014
P-32	Amended Quarterly Value-Added Tax Return (BIR Form 2550-Q) for the 3rd quarter of taxable year 2013 filed on January 27, 2014
P-33	Independent Auditors Report with Audited Financial Statement for Calendar Year ended December 31, 2013
P-34 & sub markings	Amended Quarterly Value-Added Tax Return (BIR Form 2550-Q) for the 4th quarter of taxable year 2013 filed on March 18, 2014
P-35	PEZA Certificate No. 2013-0571 Certifying VAT Zero-Rating of Diversified Technology Solutions International Inc.
P-36	Petitioner's Schedule of Input Tax claimed for April.
P-37	Petitioner's Scheduled of Input Tax claimed for May
P-38	Petitioner's Scheduled of input Tax claimed for June
P-39	Petitioner's Schedule of Input Tax claimed for July
P-40	Petitioner's Schedule of Input Tax claimed for August
P-41	Petitioner's Schedule of Input Tax claimed for September
P-42	Petitioner's Schedule of Input Tax claimed for October
P-43	Petitioner's Schedule of Input Tax claimed for November
P-44	Petitioner's Schedule of Input Tax claimed for December

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P-45	Petitioner's summary List of Sales for the Second Quarter of 2013
P-46	Petitioner's Summary List of Sales for the Third Quarter of 2013
P-47	Petitioner's Summary List of Sales for the Fourth Quarter of 2013
P-48	Petitioner's Summary List of Purchases for the Second Quarter of 2013
P-49	Petitioner's Summary List of Purchases for the Third Quarter of 2013
P-50	Petitioner's Summary List of Purchases for the Fourth Quarter of 2013
P-51 & P-52	PEZA Certificates No. 2013-0457 Updated Issues Nos. 0030 & 0039
P-53	Judicial Affidavit of Myra Dabalos

In view of the filing of petitioner's *Memorandum* on March 14, 2018,[38] and the report that no memorandum has been filed by the respondent,[39] the case was deemed submitted for decision on March 5, 2019.[40]

THE ISSUE

The parties submitted this lone issue for the Court's resolution, to wit:

> "Whether the petitioner is entitled to a refund or tax credit of e[x]cess or unutilized input VAT payments for the 2nd to 4th Quarter[s] of CY 2013 in the amount of **PHP12,251,028.97**."[41]

[38] Docket – Vol. II, pp. 454 to 470.
[39] Records Verification dated February 20, 2019 issued by the Judicial Records Division of this Court, Docket – Vol. II, p. 556.
[40] Resolution dated March 5, 2019, Docket – Vol. II, p. 557.
[41] Par. 2, Stipulation of Issue, JSFI, Docket – Vol. I, p. 175.

Petitioner's arguments:

Petitioner argues that it has presented its Certificate of Registration proving that it is a VAT-registered taxpayer; that it proved that it engaged in zero-rated or effectively zero-rated sales; that it incurred input taxes for the period of the claim in the total amount of ₱12,251,028.97; and that its administrative and judicial claims were timely filed.

Respondent counter-arguments:

In his *Answer*, respondent counter-argues that petitioner's claim is still subject to administrative routinary investigation/ examination by the respondent's Bureau; that its claim for refund or issuance of tax credit certificate was not substantiated by proper documents, such as sales invoices, official receipts and other documents pursuant to Revenue Regulations (RR) No. 7-95 in relation to Sections 113 and 237 of the 1997 Tax Code; and that partaking of the nature of exemptions, claims for refund are strictly construed against petitioner, and as such, they are looked upon with disfavor.

THE COURTS RULING

The instant *Petition for Review* is partly meritorious.

Requisites for the grant of the refund or issuance of tax credit certificate under the law.

Section 112 of the National Internal Revenue Code (NIRC) of 1997, as amended by Republic Act (RA) No. 9337,[42] provides as follows:

"SEC. 112. *Refunds or Tax Credits of Input Tax.* –

[42] AN ACT AMENDING SECTIONS 27, 28, 34, 106, 107, 108, 109, 110, 111, 112, 113, 114, 116, 117, 119, 121, 148, 151, 236, 237 AND 288 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES.

(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 of properties or services, and the amount of creditable input tax due or paid cannot be directly and entirely attributed to any one of the transactions, it shall be allocated proportionately on the basis of the volume of sales: xxx.

xxx xxx xxx

(C) *Period within which Refund or Tax Credit of Input Taxes shall be Made.*— In proper cases, the Commissioner shall grant a refund or issue a tax credit certificate for creditable input taxes within one hundred twenty (120) days from the date of submission of complete documents in support of the application filed in accordance with Subsection (A) hereof.

In case of full or partial denial of the claim for tax refund or tax credit, or the failure on the part of the Commissioner to act on the application within the period prescribed above, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim or after the expiration of the one hundred twenty day-period, appeal the decision or the unacted claim with the Court of Tax Appeals."

Pursuant to the above provisions, jurisprudence has laid down certain requisites which the taxpayer-applicant must comply with to successfully obtain a credit/refund of input VAT. Said requisites are classified into certain categories, to wit:

<u>As to the timeliness of the filing of the administrative and judicial claims:</u>

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1. The claim is filed with the BIR within two years after the close of the taxable quarter when the sales were made;[43]
2. That in case of full or partial denial of the refund claim, or the failure on the part of the Commissioner to act on the said claim within a period of 120 days, the judicial claim has been filed with this Court, within 30 days from receipt of the decision or after the expiration of the said 120-day period;[44]

With reference to the taxpayer's registration with the BIR:

3. The taxpayer is a VAT-registered person;[45]

In relation to the taxpayer's output VAT:

4. The taxpayer is engaged in zero-rated or effectively zero-rated sales;[46]
5. For zero-rated sales under Section 106(A)(2)(a)(1), (2) and (b), and 108(B)(1) and (2), the acceptable foreign currency exchange proceeds have been duly accounted for in accordance with BSP rules and regulations;[47]

As regards the taxpayer's input VAT being refunded:

6. The input taxes are not transitional input taxes;[48]
7. The input taxes are due or paid;[49]
8. The input taxes claimed are attributable to zero-rated or effectively zero-rated sales. However, where there are both zero-rated or effectively zero-rated sales and taxable or exempt sales, and the input taxes cannot be

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[43] *Intel Technology Philippines, Inc. vs. Commissioner of Internal Revenue,* G.R. No. 166732, April 27, 2007; *San Roque Power Corporation vs. Commissioner of Internal Revenue,* G.R. No. 180345, November 25, 2009; and *AT&T Communications Services Philippines, Inc. vs. Commissioner of Internal Revenue,* G.R. No. 182364, August 3, 2010.

[44] *Steag State Power, Inc. (Formerly State Power Development Corporation) vs. Commissioner of Internal Revenue,* G.R. No. 205282, January 14, 2019; *Rohm Apollo Semiconductor Philippines vs. Commissioner of Internal Revenue,* G.R. No. 168950, January 14, 2015.

[45] *Intel Technology Philippines, Inc. vs. Commissioner of Internal Revenue*, supra; *San Roque Power Corporation vs. Commissioner of Internal Revenue*, supra; and *AT&T Communications Services Philippines, Inc. vs. Commissioner of Internal Revenue*, supra.

[46] *Id.*

[47] *Id.*

[48] *Id.*

[49] *Id.*

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directly and entirely attributable to any of these sales, the input taxes shall be proportionately allocated on the basis of sales volume;[50] and

9. The input taxes have not been applied against output taxes during and in the succeeding quarters.[51]

Petitioner's administrative and judicial claims were timely filed.

The *first* requisite pertains to the filing of the refund claim for tax credit or refund of input VAT before the BIR, within two (2) years from the close of the taxable quarter when the zero-rated or effectively zero-rated sales were made.

The present claim covers the 2nd, 3rd, and 4th quarters of CY 2013, which closed on June 30, 2013, September 30, 2013 and December 31, 2013, respectively. Counting two (2) years from the said dates, petitioner had until June 30, 2015, September 30, 2015 and December 31, 2015, respectively, within which to file its administrative claim for tax credit certificate or refund. Considering that petitioner's administrative claim for the said quarters was filed on June 26, 2015, [52] the same was timely made, thereby fulfilling the said *first* requisite.

The *second* requisite is to the effect that the judicial claim must have been filed within thirty (30) days from receipt of respondent's decision or after the expiration of the 120-day period under Section 112(C) of the NIRC of 1997, as amended. Considering that there is no indication that respondent issued a decision relative to petitioner's administrative claim, the determination of the 120+30-day period, as applied to this case, is shown as follows:

Date of Filing of Administrative Claim	End of 120 days for respondent to decide the	End of 30 days from expiration of the 120 days	Date of Filing of Petition for Review

[50] *Intel Technology Philippines, Inc. vs. Commissioner of Internal Revenue*, supra; and *San Roque Power Corporation vs. Commissioner of Internal Revenue*, supra.
[51] *Intel Technology Philippines, Inc. vs. Commissioner of Internal Revenue*, supra; *San Roque Power Corporation vs. Commissioner of Internal Revenue*, supra; and *AT&T Communications Services Philippines, Inc. vs. Commissioner of Internal Revenue*, supra.
[52] Exhibit "P-8", Docket – Vol. I, pp. 363 to 374.

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	claim		
June 26, 2015	October 24, 2015	November 23, 2015	November 23, 2015

Since the instant *Petition for Review* was filed on November 23, 2015, [53] petitioner's judicial claim was likewise timely made. Such being the case, petitioner fulfilled both of the *first* and *second* requisites.

Petitioner is a VAT-registered person.

Petitioner likewise complied with the *third* requisite, since it was proved that petitioner is a VAT registered person.[54]

Petitioner is engaged in zero-rated or effectively zero-rated sales.

Relative to the determination of whether petitioner is engaged in zero-rated or effectively zero-rated sales, the applicable provision is Section 108(B)(3) of the NIRC of 1997, as amended. It provides:

> "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 ours)*

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[53] Docket – Vol. I, pp. 10 to 25.
[54] Exhibit "P-2", Docket – Vol. II, p. 495.

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The special law pertinent to this case is RA No. 7916,[55] otherwise known as *"The Special Economic Zone Act of 1995".* Sections 8 and 24 thereof, as amended RA No. 8748,[56] read as follows:

> "SECTION 8. *ECOZONE to be Operated and Managed as Separate Customs Territory.* – **The ECOZONE shall be managed and operated by the PEZA as separate customs territory.**
>
> xxx xxx xxx." *(Emphasis ours)*
>
> "SECTION 24. *Exemption form National and Local Taxes.* – Except for real property taxes on land owned by developers, **no taxes, local and national, shall be imposed on business establishments operating within the ECOZONE. In lieu thereof, five percent (5%) of the gross income earned by all business enterprises within the ECOZONE shall be paid and remitted** as follows:
>
> (a) Three percent (3%) of the National Government;
>
> (b) Two percent (2%) which shall be directly remitted by the business establishments to the treasurer's office of the municipality or city where the enterprise is located." *(Emphasis ours)*

Based on the foregoing provisions, a Special Economic Zone or "ECOZONE" is treated as a separate customs territory, and business establishments operating within the ECOZONE is exempt from national and local taxes, except for real property taxes on land owned by developers. Needless to state, such tax exempt status of said business establishments or enterprises operating within the ECOZONE includes exemption from the imposition of VAT.

In *Commissioner of Internal Revenue vs. Toshiba Information Equipment (Phils.), Inc.*,[57] the Supreme Court held:

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[55] AN ACT PROVIDING FOR THE LEGAL FRAMEWORK AND MECHANISMS FOR THE CREATION, OPERATION, ADMINISTRATION, AND COORDINATION OF SPECIAL ECONOMIC ZONES IN THE PHILIPPINES, CREATING FOR THIS PURPOSE, THE PHILIPPINE ECONOMIC ZONE AUTHORITY (PEZA), AND FOR OTHER PURPOSES.

[56] AN ACT AMENDING REPUBLIC ACT NO. 7916, OTHERWISE KNOWN AS THE "SPECIAL ECONOMIC ZONE ACT OF 1995".

[57] G.R. No. 150154, August 9, 2005.

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"xxx. **The national territory of the Philippines outside of the proclaimed borders of the ECOZONE shall be referred to as the Customs Territory.**

Section 8 of Rep. Act No. 7916, as amended, mandates that the PEZA shall manage and operate <u>the ECOZONES as a separate customs territory</u>; thus, creating the fiction that the ECOZONE is a foreign territory. As a result, sales made by a supplier in the Customs Territory to a purchaser in the ECOZONE shall be treated as an exportation from the Customs Territory. Conversely, sales made by a supplier from the ECOZONE to a purchaser in the Customs Territory shall be considered as an importation into the Customs Territory.

xxx xxx xxx

Indubitably, **no output VAT may be passed on to an ECOZONE enterprise since it is a VAT-exempt entity.** The VAT treatment of sales to it, however, varies depending on whether the supplier from the Customs Territory is VAT-registered or not.

<u>**Sales of**</u> goods, properties and <u>**services**</u> **by a VAT-registered supplier from the Customs Territory to an ECOZONE enterprise shall be treated as export sales. <u>If such sales are made by a VAT-registered supplier, they shall be subject to VAT at zero percent (0%)</u>. In zero-rated transactions, the VAT-registered supplier shall not pass on any output VAT to the ECOZONE enterprise, and at the same time, shall be entitled to claim tax credit/refund of its input VAT attributable to such sales.** Zero-rating of export sales primarily intends to benefit the exporter (*i.e.*, the supplier from the Customs Territory), who is directly and legally liable for the VAT, making it internationally competitive by allowing it to credit/refund the input VAT attributable to its export sales." *(Emphases ours)*

Simply put, while an ECOZONE is geographically within the Philippines, it is deemed a separate customs territory and is regarded in law as foreign soil. Sales by suppliers from outside the borders of the ECOZONE to this separate customs territory are deemed exports and treated as export sales. These sales are zero-rated or subject to tax rate of zero percent.[58]

In its Quarterly VAT Returns for the 2nd, 3rd and 4th quarters of CY 2013,[59] petitioner reported total sales of ₱254,507,683.86, which included total zero-rated receipts in the amount of ₱217,794,160.81, as shown below:

	2nd Quarter	3rd Quarter	4th Quarter	Total
Vatable Sales/Receipts	₱ 5,427,184.98	₱ 5,589,961.37	₱ 25,696,376.70	₱ 36,713,523.05
Zero-rated Receipts	86,223,950.24	53,582,109.75	77,988,100.82	217,794,160.81
Total Sales/Receipts	**₱91,651,135.22**	**₱59,172,071.12**	**₱103,684,477.52**	**₱254,507,683.86**

Moreover, based on petitioner's Summary List of Sales (SLS) for the said quarters, it generated zero-rated sales of ₱218,303,548.86[60] for the services rendered to Diversified Technology Solutions International, Inc. (DTSII) and Anthem Solutions, Inc. (ASI). In proving that the said clients are duly registered with the PEZA, petitioner presented the following documents:

1. PEZA amended Certificate of Registration No. 03-15-IT with PEZA Certification No. 2013-0571 for DTSII;[61] and

2. PEZA Certificates No. 2013-0457, Updated Issues Nos. 0030 and 0039 for ASI.[62]

Thus, the sales of services by petitioner to DTSII and ASI, being business enterprises in the ECOZONE, is subject to the VAT at zero percent (0%), pursuant to Section 108(B)(3) of the NIRC of 1997, as amended, in relation to Section 24 of RA No. 7916, as amended by RA No. 8748.

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[58] *Commissioner of Internal Revenue vs. Sekisui Jushi Philippines, Inc.*, G.R. No. 149671, July 21, 2006.
[59] Exhibits "P-3", "P-4" and "P-5", Docket – Vol. I, pp. 309 to 330 (including SLS and SLP).
[60] Exhibit "P-11-F".

2nd Quarter	₱ 86,212,149.25
3rd Quarter	54,166,989.55
4th Quarter	84,899,410.06
Total	**₱225,278,548.86**
Less: Exhibit P-11-F-417 to P-11-F-418, OR No. 0521, twice added in the 4th quarter	6,975,000.00
Total as adjusted	**₱218,303,548.86**

[61] Exhibits "P-7" and "P-35", Docket – Vol. I, p. 361 and USB.
[62] Exhibits "P-51" and "P-52", Docket – Vol. I, pp. 220 to 221.

In any event, relative to its zero-rated transactions, petitioner must further comply with the invoicing requirements under the law. This must be so because compliance with all the VAT invoicing requirements is required to be able to file a claim for input taxes attributable to zero-rated sales.[63] To be sure, the taxpayer claiming the refund must further comply with the invoicing and accounting requirements mandated by the NIRC, as well as by revenue regulations implementing them.[64]

Relative thereto, Section 113 (A)(2), (B)(1), (2)(c) and (3) of the NIRC of 1997, as amended, reads as follows:

> "Sec. 113. *Invoicing and Accounting Requirements for VAT-registered Persons.* –
>
> (A) *Invoicing Requirements.* – A VAT-registered person shall issue:
>
> xxx xxx xxx
>
> (2) A **VAT official receipt** for every lease of goods or properties, and **for every sale**, barter, or exchange **of services**.
>
> (B) *Information Contained in the VAT Invoice or VAT Official Receipt.* – The following information shall be indicated in the VAT invoice or VAT official receipt:
>
> (1) A statement that the seller is a VAT-registered person, followed by his Taxpayer's Identification Number (TIN);
>
> (2) The total amount which the purchaser pays or is obligated to pay to the seller with the indication that such amount includes the value-added tax: *Provided,* That:
>
> xxx xxx xxx
>
> (c) If the sale is subject to zero percent (0%) value-added tax, the term 'zero-rated sale' shall be written or printed prominently on the invoice or receipt;

[63] *JRA Philippines, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 171307, August 28, 2013.
[64] *Takenaka Corporation–Philippine Branch vs. Commissioner of Internal Revenue*, G.R. No. 193321, October 19, 2016, citing *Western Mindanao Power Corporation vs. Commissioner of Internal Revenue*, G.R. No. 181136, June 13, 2012.

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xxx xxx xxx

(3) The date of transaction, quantity, unit cost and description of the goods or properties or nature of the service; and xxx" (*Underlining supplied)*

The foregoing provision is implemented by Revenue Regulations (RR) No. 16-05. Specifically, Section 4.113-1 thereof provides, in part, as follows:

"Sec. 4.113-1. *Invoicing Requirements.* –

(A) A VAT-registered person shall issue: -

xxx xxx xxx

(2) A **VAT official receipt** for every lease of goods or properties, and for **every sale**, barter, or exchange **of services**.

Only VAT-registered persons are required to print their **TIN followed by the word 'VAT' in their** invoice or **official receipts**. Said documents shall be considered as a 'VAT Invoice' or VAT official receipt. All purchases covered by invoice/receipts other than VAT Invoice/VAT Official Receipt shall not give rise to any input tax.

VAT invoice/official receipt shall be prepared at least in duplicate, the original to be given to the buyer and the duplicate to be retained by the seller as part of his accounting records.

(B) *Information contained in VAT invoice or VAT official receipt.* – The following information shall be indicated in VAT invoice or VAT official receipt:

(1) A statement that the seller is a VAT-registered person, followed by his TIN;

(2) The total amount which the purchaser pays or is obligated to pay to the seller with the indication that such amount includes the VAT; *Provided,* That:

(a) The amount of tax shall be shown as a separate item in the invoice or receipt;

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xxx xxx xxx

> (c) If the sale is subject to zero percent (0%) VAT, the term **'zero-rated sale'** shall be written or printed prominently on the invoice or receipt; xxx" (*Emphases supplied)*

> (3) In the case of sales in the amount of one thousand pesos (₱1,000.00) or more where the sale or transfer is made to a VAT-registered person, the name, business style, if any, address and TIN of the purchaser, customer or client, shall be indicated in addition to the information required in (1) and (2) of this Section."

Thus, the foregoing must still be complied with by petitioner. In addition to the above requirements, the official receipts (ORs) must be duly registered with the BIR as prescribed under Section 237, in relation to Section 238, both of the NIRC of 1997, as amended, which provide:

> "SEC. 237. *Issuance of Receipts or Sales or Commercial Invoices.* — All persons subject to an internal revenue tax shall, for each sale or transfer of merchandise or **for services rendered** valued at Twenty-five pesos (P25.00) or more, **issue duly registered receipts** or sales or commercial invoices, prepared at least in duplicate, showing the date of transaction, quantity, unit cost and description of merchandise or nature of service..."

> "SEC. 238. *Printing of Receipts or Sales or Commercial Invoices.* — All persons who are engaged in business shall secure from the Bureau of Internal Revenue an authority to print receipts or sales or commercial invoices before a printer can print the same

> No authority to print receipts or sales or commercial invoices shall be granted unless the receipts or invoices to be printed are serially numbered and shall show, among other things, the name, business style, Taxpayer Identification Number (TIN) and business address of the person or entity to use the same, and such other information that may be required by rules and regulations to be promulgated by the Secretary of Finance, upon recommendation of the Commissioner." *(Emphasis supplied)*

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In support of its zero-rated receipts and to prove compliance with the VAT invoicing requirements provided by the above-quoted laws and regulations, petitioner submitted the corresponding ORs and invoices.[65] Upon examination of the said documents, the ICPA accounted for a total amount of ₱218,303,548.86, representing receipts of petitioner's zero-rated sales of services, as reflected in her Summary of Official Receipts with Corresponding Invoices.[66]

A comparison of the zero-rated receipts per Quarterly VAT Returns for the 2nd, 3rd and 4th quarters of CY 2013[67] as against the ICPA's verification per ORs reveals a net difference of ₱509,388.05, broken down as follows:

CY 2013	Per Return	Per ORs	Difference
2nd Quarter	₱ 86,223,950.24	₱ 86,212,149.25	₱ 11,800.99
3rd Quarter	53,582,109.75	54,166,989.55	(584,879.80)
4th Quarter	77,988,100.82	77,924,410.06	63,690.76
Total Receipts	**₱217,794,160.81**	**₱218,303,548.86**	**₱(509,388.05)**

Out of the total amount of ₱218,303,548.86 substantiated zero-rated receipts, the amount of ₱1,103,500.00, as detailed in the ICPA's Summary of Official Receipts with Corresponding Invoices,[68] should *not* be considered as valid zero-rated receipts as they were made to clients without proof of PEZA registration, and the word "zero-rated" do not appear on the VAT official receipts, in violation of Section 113(B)(2)(c) of the NIRC of 1997, as amended, to wit:

Customer	OR No.	OR Date	Amount	Exhibit
PSEI Firesafety System	554	12/9/2013	₱ 37,500.00	"P-11-F-543" to "P-11-F-545"
Net Pacific Inc.	245	3/23/2013	10,000.00	"P-11-F-11" to "P-11-F-12"
Diversified Technology Systems Inc.	566	1/7/2014	1,056,000.00	"P-11-F-612" to "P-11-F-613"
		Total	**₱1,103,500.00**	

Further, as correctly pointed out by the ICPA, since PSEI Firesafety System is not a PEZA-registered entity, this should be subjected to 12% output VAT in the amount of ₱4,017.86 (₱37,500/1.12x12%).[69] In this regard, it must be pointed out that petitioner impliedly admitted said VAT imposition at the rate of 12%

[65] Exhibits "P-11-F-1" to "P-11-F-622".
[66] Exhibit "P-11-F".
[67] Exhibits "P-3", "P-4" and "P-5", Line 17, Docket, Vol. I, pp. 309, 315 and 321.
[68] Supra, Note 66.
[69] No. 8, letter b, Exhibit "P-11".

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when it recognized the finding of the ICPA for an additional output tax due.[70]

Conversely, while receipts from Net Pacific Inc. and Diversified Technology Systems Inc., in the respective amounts of ₱10,000.00 and ₱1,056,000.00, should likewise be subjected to 12% VAT, should nonetheless be disregarded for being dated outside the period of claim.

Moreover, the "*Collections included in the summary list of sales with missing OR* " made by petitioner to DTSII in the amount of ₱1,500,000.00[71] shall not qualify as zero-rated receipt for being unsupported by official receipt, in violation of Section 113(A)(2) of the 1997 NIRC, as amended.

However, petitioner's unreported collections from DTSII covered by OR No. 542 in the amount of ₱37,000.00 shall be added to the declared zero-rated receipts per VAT Return.[72]

Thus, for purposes of the *fourth* requisite, only the amount of ₱215,700,048.86 represents petitioner's valid zero-rated receipts, computed as follows:

Total Receipts per ORs	₱ 218,303,548.86
Less: Adjustments/Disallowances Sales to non-PEZA Clients	1,103,500.00
Receipts not covered by VAT zero-rated OR	1,500,000.00
Total Valid Zero-rated Receipts	**₱215,700,048.86**

Having resolved that petitioner had VAT zero-rated receipts in the total amount of ₱215,700,048.86 for the 2nd to 4th quarters of CY 2013, the Court shall proceed to determine whether petitioner complied with the remaining requisites.

There is no need to comply with the fifth requisite.

[70] Par. 26, Petitioner's Memorandum, Docket – Vol. II, p. 463.
[71] Note D, letter c, Exhibit "P-11-H".
[72] Note D, letter b, Exhibit "P-11-H".

As earlier stated, the *fifth* requisite is to the effect that petitioner must prove that the acceptable foreign currency exchange proceeds have been duly accounted for in accordance with BSP rules and regulations, but only for zero-rated sales under **Section 106(A)(2)(a)(1), (2) and (b), and 108(B)(1) and (2)**, all of the NIRC of 1997, as amended. Since the legal basis for petitioner's zero-rated sales is **Section 108(B)(3)** of the NIRC of 1997, as amended, in relation to Section 24 of RA No. 7916, as amended by RA No. 8748, the instant case need not comply with the said *fifth* requisite.

The input VAT being claimed do not appear to be transitional input taxes.

In its Quarterly VAT Returns for the 2nd, 3rd, and 4th quarters of CY 2013,[73] petitioner declared input VAT due of ₱11,019,196.54 from domestic purchases of goods other than capital goods, and input VAT paid of ₱1,231,832.43 from domestic purchases of services, or input VAT in the total amount of ₱12,251,028.97, which is the subject of the present claim, broken down as follows:

	2nd Quarter	**3rd Quarter**	**4th Quarter**	**Total**
Input Tax due on Domestic Purchases of Goods Other than Capital Goods *(Line 21F)*	₱ 4,763,531.02	₱3,028,520.23	₱3,227,145.29	₱11,019,196.54
Input Tax paid on Domestic Purchase of Services *(Line 21J)*	258,848.56	450,636.94	522,346.93	1,231,832.43
Total	**₱5,022,379.58**	**₱3,479,157.17**	**₱3,749,492.22**	**₱12,251,028.97**

The above input taxes do not appear to be transitional input taxes, as understood under Section 111(A) of the NIRC of 1997, as amended, to wit:

> "SEC. 111. *Transitional/Presumptive Input Tax Credits.* –
>
> (A) *Transitional Input Tax Credits.* – A person who becomes liable to value-added tax or any person who elects to be a VAT-registered person shall, subject to the filing of an inventory according to the rules and regulations prescribed by the Secretary of Finance, upon recommendation of the

[73] Exhibits "P-3", "P-4" and "P-34", Docket — Vol. I, pp. 309 to 360.

> Commissioner, be allowed input tax on his beginning inventory of goods, materials and supplies equivalent to two percent (2%) of the value of such inventory or the actual value-added tax paid on such goods, materials and supplies, whichever is higher, which shall be creditable against the output tax."

Transitional input tax credit operates to benefit newly VAT-registered persons, whether or not they previously paid taxes in the acquisitions of their beginning inventory of goods, materials and supplies. During the period of transition from non-VAT to VAT status, the transitional input tax credit serves to alleviate the impact of the VAT on the taxpayer.[74]

As there is no showing that the claimed input VAT are transitional input VAT, petitioner has complied with the *sixth* requisite for the grant of an input VAT refund.

A portion of input taxes incurred or paid were attributable to its zero-rated sales.

The *seventh* requisite for the successful prosecution of input VAT claim is to the effect that the input VAT being refunded should be due or paid. Thus, the fulfillment of the said requisite would depend on petitioner's compliance with the invoicing and substantiation requirements provided by law, as stated earlier.

To support its input VAT claim of ₱12,251,028.97, petitioner submitted various invoices, ORs and other documents,[75] which were examined by the ICPA. Based on the ICPA's Report,[76] the input VAT in the total amount of ₱3,831,174.35, detailed below, should be disallowed for petitioner's failure to meet the substantiation

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[74] *Fort Bonifacio Development Corporation vs. Commissioner of Internal Revenue*, G.R. Nos. 158885 and 170680, April 2, 2008.

[75] Exhibits "P-11-D-1-1" to "P-11-D-1-1022" for the month of April 2013; Exhibits "P-11-D-2-1" to "P-11-D-2-823" for the month of May 2013; Exhibits "P-D-11-3-1" to "P-11-D-3-490" for the month of June 2013; Exhibits "P-11-D-4-1" to "P-11-D-4-665" for the month of July 2013; Exhibits "P-11-D-5-1" to "P-11-D-5-609" for the month of August 2013; Exhibits "P-11-D-6-1" to Exhibits "P-11-D-6-824" for the month of September 2013; Exhibits "P-11-D-7-1" to "P-11-D-7-621" for the month of October 2013; Exhibits "P-11-D-8-1" to "P-11-D-8-726" for the month of November 2013; Exhibits "P-11-D-9-1" to "P-11-D-9-732" for the month of December 2013.

[76] Exhibit "P-11", ICPA Report, pp. 7 to 10; Exhibit "P-11-E".

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requirements under Sections 110(A), 113(A) and (B), and 237 of the NIRC of 1997, as amended, in relation to Sections 4.110-1, 4.110-2, 4.110-8 and 4.113-1 of RR No. 16-05, as amended, to wit:

Exhibit	DISALLOWANCES	Total	Goods	Services	Goods/ Services
P-11-E-8	Input tax claimed on domestic purchase of goods supported by VAT documents other than a VAT Invoice (i.e., VAT OR etc.)	₱240,777.14	₱240,777.14		
P-11-E-9	Input tax claimed on domestic purchase of goods supported by other Non-VAT document	88,853.59	88,853.59		
P-11-E-17	Input tax claimed on domestic purchase of goods supported by a VAT Invoice but not an original copy	316,979.02	316,979.02		
P-11-E-10	Overclaimed Input VAT on Allowed Portion	16,815.69	16,005.66	₱810.03	
P-11-E-11	Input tax claimed on domestic purchase of goods supported by TIN-NV/NON VAT Sales Invoices	418,411.86	418,411.86		
P-11-E-12	Input tax claimed on domestic purchase of goods supported by a VAT invoice but without invoice date	66,178.23	66,178.23		
P-11-E-13	Input tax claimed on domestic purchase of goods supported by a VAT Invoice issued in the Petitioner's name without the Petitioner's TIN and/or address but supported by VAT OR with TIN and Address	278,057.82	278,057.82		
P-11-E-14	Input tax claimed on domestic purchase of goods supported by a VAT Invoice issued in the Petitioner's name without the Petitioner's TIN and/or address and supported by VAT OR or any other document without TIN and/or Address	67,054.92	67,054.92		
P-11-E-15	Input tax claimed on domestic purchase of goods supported by a VAT invoice but not dated within the taxable year	46,627.96	46,627.96		
P-11-E-16	Input tax claimed on domestic purchase of goods supported by a VAT Invoice but without BIR's Authority to Print/Permit to Print	83,857.12	83,857.12		
P-11-E-18	Input tax claimed on domestic purchase of goods supported by a VAT invoice with correction in the amount without counter signature	128,479.83	128,479.83		
P-11-E-19	Input tax claimed on domestic purchase of goods supported by a VAT invoice with correction in the year of the invoice date without counter signature	55,344.74	55,344.74		

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P-11-E-20	Input tax claimed on domestic purchase of goods supported by a VAT invoice with correction in the month/day of the invoice date	88,268.25	88,268.25		
P-11-E-21	Input tax claimed on domestic purchase of goods supported by a VAT Invoice with corrections in the TIN written in the Invoice without counter signature but in the name of the Petitioner	30,289.55	30,289.55		
P-11-E-22	Input tax claimed on domestic purchase of goods supported by VAT Invoice with incorrect TIN of Petitioner but supported by VAT OR with correct TIN and Address	48,637.27	48,637.27		
P-11-E-23	Input tax claimed on domestic purchase of goods supported by VAT Invoice with incorrect TIN of Petitioner and supported by VAT OR or any other document without TIN and/or Address	262,060.52	262,060.52		
P-11-E-24	Supplier's name in the supporting document is different from the supplier's name indicated in the summary list of purchase of goods	7,131.43	7,131.43		
P-11-E-25	Input tax claimed on input VAT on purchases of goods supported by a VAT Invoice dated August 31, 2013 onwards with ATP dated PRIOR to January 1, 2011.	25,052.14	25,052.14		
P-11-E-26	Input tax claimed on input VAT on purchases of goods supported by a VAT Invoice dated January 18, 2013 onwards with ATP dated January 1, 2011 to January 17, 2013, the new ATP is NOT issued on or before August 30, 2013 and the term "valid until October 31, 2013 only" is NOT stamped prominently on the face of the invoice.	562,353.11	562,353.11		
P-11-E-27	Input tax claimed on domestic purchase of goods supported by VAT documents other than a VAT Invoice (*i.e.*, VAT OR etc.)	399,282.48	399,282.48		
P-11-E-28	Input tax claimed on domestic purchase of goods supported by other Non-VAT document	90,113.96	90,113.96		
P-11-E-29	Input tax claimed on domestic purchases of services supported by a VAT OR BUT NOT AN ORIGINAL COPY	62,337.42		62,337.42	
P-11-E-30	Input tax claimed on domestic purchases of services supported by a VAT OR not issued in the name of the Petitioner but WITH TIN and address of the Petitioner	4,843.18		4,843.18	

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P-11-E-31	Input tax claimed on domestic purchases of services supported by a VAT OR not issued in the name of the Petitioner but WITHOUT TIN and/or address of the Petitioner	2,660.49		2,660.49	
P-11-E-32	Input tax claimed on domestic purchases of services supported by Non VAT Registered TIN OR only	31,832.14		31,832.14	
P-11-E-33	Input tax claimed on domestic purchases of services supported by VAT OR issued in the Petitioner's name but without the Petitioner's TIN and/or Address and supported by VAT Invoice or any other document also without TIN and/or Address	28,841.54		28,841.54	
P-11-E-34	Input tax claimed on domestic purchases of services supported by a VAT OR but not dated within the taxable year	117,436.12		117,436.12	
P-11-E-35	Input tax claimed on domestic purchases of services supported by a VAT OR but with alteration in the name of the Petitioner	360.00		360.00	
P-11-E-36	Input tax claimed on domestic purchases of services supported by TIN-NV/NON VAT Official Receipts	49,011.11		49,011.11	
P-11-E-37	Input tax claimed on domestic purchases of services supported by a VAT OR but without BIR's Authority to Print/Permit to Print	1,849.09		1,849.09	
P-11-E-38	Input tax claimed on domestic purchases of services supported by a VAT OR with correction in the OR date without counter signature	835.82		835.82	
P-11-E-39	Input tax claimed on domestic purchase of services supported by VAT OR issued in the name of the Petitioner with incorrect TIN and supported by VAT OR or any other document also without TIN and/or Address	3,395.99		3,395.99	
P-11-E-40	Input tax claimed on domestic purchase of services supported by VAT OR. However, the sentence *"This is not a source of input tax."* is printed in the VAT OR	105,274.58		105,274.58	
P-11-E-41	Input tax claimed on input VAT on purchases of services supported by VAT OR dated January 18, 2013 onwards with ATP dated January 1, 2011 to January 17, 2013, the new ATP is NOT issued on or before August 30, 2013 and the term "valid until October 31, 2013 only" is NOT stamped prominently on the	2,106.00		2,106.00	

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	face of the receipt.				
P-11-E-42	Input VAT claimed twice	10,902.71	10,902.71		
P-11-E-43	Input tax claimed on domestic purchase of goods and services WITHOUT supporting documents	88,861.53			88,861.53
	Total	**₱3,831,174.35**	**₱3,330,719.31**	**₱411,593.51**	**₱88,861.53**

In addition to the above-mentioned disallowances, the input VAT in the amount of ₱244,174.57 shall likewise be disallowed for petitioner's failure to meet the invoicing and substantiation requirements stated in the aforementioned law and revenue regulations, to wit:

EXHIBIT P-11-D SUB-MARKING	**Input Vat Claimed**	**Reason for Disallowance**
I. Input Tax on Domestic Purchases of **Goods** Other than Capital Goods		
3-1 to 3-3	₱ 19,285.71	Input VAT incurred during the first quarter. Sales Invoice is dated 1/9/2013 and OR is dated Feb 6, 2013.
2-399 to 2-403	13,423.93	Sales Invoices do not have VAT breakdown
1-154 to 1-156	19,285.71	No VAT Breakdown
7-368 to 7-371	10,429.28	Sales Invoice (Exhibit "P-11-D-7-369") does not have VAT breakdown.
9-235 to 9-237	17,724.11	No VAT Breakdown
3-461 to 3-463	21,364.72	Sales Invoices do not have VAT breakdown
3-336 to 3-337	10,097.94	ATP not shown in the Sales Invoice (Exhibit "P-11-D-3-337")
5-345 to 5-348	11,238.75	Sales Invoices do not have VAT breakdown
5-137 to 5-138	13,500.00	No VAT Breakdown
6-542 to 6-544	1,147.07	Input VAT incurred during the first quarter. Sales invoice dated 2/4/13.
Subtotal	***₱137,497.22***	
II. Input Tax on Domestic Purchases of **Services**		
2-47 to 2-49	₱ 19,032.00	Per Check Voucher, purchase of delivery services. Official Receipt has no VAT breakdown.
8-28 to 8-29	22,500.00	Per check voucher, this is payment for installation of glass, aluminum and accessories for Avida project. Official Receipt does not have VAT breakdown.
7-444 to 7-446	14,464.29	Per check voucher, this is payment for installation of glass, aluminum and accessories for Avida Corporate Office. Official Receipt does not have VAT breakdown.
9-135 to 9-136	13,928.57	Per Check Voucher, Exhibit "P-11-D-9-135", Payment for Rental. OR does not include VAT breakdown.
5-292 to 5-295	14,166.77	Per Sales Invoice, Exhibit "P-11-D-5-294", this is for purchase of LABOR and materials. Official receipt does not include VAT breakdown
5-322 to 5-325	11,292.86	Per Exhibit "P-11-D-5-324", this pertains to purchase of freight services. OR does not have VAT breakdown.

5-318 to 5-321	11,292.86	Per Exhibit "P-11-D-5-320", this pertains to purchase of freight services. OR does not have VAT breakdown.
Subtotal	***₱106,677.35***	
Total	**₱244,174.57**	

Moreover, input VAT amounting to ₱1,379,237.38,[77] which were dated outside the period of claim, shall also be disallowed, detailed as follows:

EXHIBIT P-11-D SUB-MARKING	VENDOR NAME	INVOICE NO.	INVOICE DATE	INVOICE AMOUNT	Input Vat Claimed
I. DISALLOWED PURCHASE OF GOODS - SALES INVOICES DATED OUTSIDE THE PERIOD OF CLAIM					
1-5 to1-10	ABLESTAR UNI TRADING	3627	3/4/13	₱ 4,300.00	₱ 460.71
1-5 to1-10	ABLESTAR UNI TRADING	3626	3/4/13	7,150.00	766.07
1-11 to 1-30	NEWTON HARDWARE & LUMBER	190127	2/26/13	365.00	39.10
1-11 to 1-30	NEWTON HARDWARE & LUMBER	190126	2/26/13	7,485.00	801.96
1-11 to 1-30	NEWTON HARDWARE & LUMBER	190134	2/28/13	6,250.00	669.64
1-11 to 1-30	NEWTON HARDWARE & LUMBER	190135	2/28/13	24,716.00	2,648.14
1-11 to 1-30	NEWTON HARDWARE & LUMBER	190138	2/28/13	18,000.00	1,928.57
1-11 to 1-30	NEWTON HARDWARE & LUMBER	190139	2/28/13	2,400.00	257.14
1-11 to 1-30	NEWTON HARDWARE & LUMBER	188255	3/2/13	6,800.00	728.57
1-11 to 1-30	NEWTON HARDWARE & LUMBER	189961	3/8/13	18,000.00	1,928.57
1-11 to 1-30	NEWTON HARDWARE & LUMBER	189953	3/6/13	510.00	54.64
1-11 to 1-30	NEWTON HARDWARE & LUMBER	189963	3/8/13	6,600.00	707.14
1-11 to 1-30	NEWTON HARDWARE & LUMBER	189971	3/13/13	2,774.00	297.21
1-11 to 1-30	NEWTON HARDWARE & LUMBER	189969	3/12/13	5,475.00	586.61
1-11 to 1-30	NEWTON HARDWARE & LUMBER	189968	3/11/13	9,360.00	1,002.86
1-11 to 1-30	NEWTON HARDWARE & LUMBER	189987	3/18/13	11,150.00	1,194.64
1-38 to 1-40	COMPLETE MATERIALS INDUSTRIAL CORP.	8158	3/15/13	23,000.00	2,464.29
1-45 to 1-47	LAMARCO GENERAL MERCHANDISE	0245	3/26/13	17,500.00	1,875.00
1-52 to 1-54	TRUSTCOM TECHNOLOGY & TRADING	1890	3/15/13	22,500.00	2,410.72
1-55 to 1-57	MC HOME DEPOT INC.	67805	2/27/13	2,914.75	312.30
1-81 to 1-83	ULTRA PETRONNE INTERIOR SUPPLY CORP	14072	2/23/13	18,400.00	1,971.43
1-84 to 1-87	CEBU OVERSEA HARDWARE CO. INC.	460174	2/9/13	61,425.00	6,581.25
1-84 to 1-87	CEBU OVERSEA HARDWARE CO. INC.	460464	2/18/13	5,670.00	607.50
1-94 to 1-109	Llanera Hardware	15980	2/23/13	11,550.00	1,237.50
1-94 to 1-109	Llanera Hardware	15981	2/23/13	14,150.00	1,516.07
1-110 to 1-116	NEWTON HARDWARE & LUMBER	189992	3/22/13	18,240.00	1,954.29
1-110 to 1-116	NEWTON HARDWARE & LUMBER	189802	3/25/13	169,250.00	18,133.93
1-110 to 1-116	NEWTON HARDWARE & LUMBER	189996	3/22/13	17,750.00	1,901.78
1-110 to 1-116	NEWTON HARDWARE & LUMBER	189995	3/22/13	42,386.00	4,541.37
1-110 to 1-116	NEWTON HARDWARE & LUMBER	189993	3/22/13	7,850.00	841.08
1-117 to 1-121	VLF WOOD VENEERS	403	3/7/13	3,000.00	321.43
1-117 to 1-121	VLF WOOD VENEERS	427	3/15/13	30,000.00	3,214.29
1-125 to 1-129	ALLGEMEINE BAU CHEMIE PHIL. INC.	378601	3/18/13	11,540.00	1,236.43
1-125 to 1-129	ALLGEMEINE BAU CHEMIE PHIL. INC.	376326	2/27/13	10,152.00	1,087.71
1-125 to 1-129	ALLGEMEINE BAU CHEMIE PHIL. INC.	378159	3/14/13	12,694.00	1,360.07
1-164 to 1-169	LC5 & MACH ENTERPRISES CORP.	5223	3/11/13	4,050.00	433.93
1-164 to 1-169	LC5 & MACH ENTERPRISES CORP.	5181	3/9/13	7,920.00	848.57
1-164 to 1-169	LC5 & MACH ENTERPRISES CORP.	5183	3/9/13	28,160.00	3,017.14
1-164 to 1-169	LC5 & MACH ENTERPRISES CORP.	5182	3/9/13	57,645.00	6,176.25
1-744 to 1-747	Llanera Hardware	16084	2/28/13	95,025.00	10,181.26
1-744 to 1-747	Llanera Hardware	16482	3/20/13	57,950.00	6,208.93
1-177 to 1-179	GOLDEX MANUFACTURING & TRADING CORP.	45684	2/27/13	34,000.00	3,642.86
1-180 to 1-186	CONLUCK INFINITY INDUSTRIAL, INC.	96089	3/9/13	7,800.00	835.72

[77] Included in "Exhibit P-11-E-5", "Input tax claimed on domestic purchase of goods supported by VAT Invoice not dated within the VAT-taxable quarter but within the VAT-taxable year".

1-180 to 1-186	CONLUCK INFINITY INDUSTRIAL, INC.	96096	3/14/13	19,165.00	2,053.41
1-180 to 1-186	CONLUCK INFINITY INDUSTRIAL, INC.	96572	3/14/13	16,790.00	1,798.95
1-180 to 1-186	CONLUCK INFINITY INDUSTRIAL, INC.	96563	3/15/13	6,725.00	720.55
1-180 to 1-186	CONLUCK INFINITY INDUSTRIAL, INC.	95712	2/21/13	9,129.00	978.10
1-196 to 1-198	IVM PHILS. SERVICES & CONTRACTOR INC.	108	3/21/13	222,300.00	23,817.86
1-201 to 1-206	MC HOME DEPOT INC.	68297	3/27/13	2,120.00	227.14
1-201 to 1-206	MC HOME DEPOT INC.	68139	3/20/13	22,000.00	2,357.14
1-213 to 1-224	ULTRA PETRONNE INTERIOR SUPPLY CORPORATION	14077	2/28/13	11,025.00	1,181.24
1-213 to 1-224	ULTRA PETRONNE INTERIOR SUPPLY CORPORATION	14075	2/28/13	6,063.20	649.63
1-213 to 1-224	ULTRA PETRONNE INTERIOR SUPPLY CORPORATION	14076	2/28/13	17,300.00	1,853.58
1-213 to 1-224	ULTRA PETRONNE INTERIOR SUPPLY CORPORATION	14053	2/7/13	15,000.00	1,607.14
1-213 to 1-224	ULTRA PETRONNE INTERIOR SUPPLY CORPORATION	14073	2/26/13	9,000.00	964.29
1-213 to 1-224	ULTRA PETRONNE INTERIOR SUPPLY CORPORATION	14054	2/7/13	2,070.00	221.79
1-213 to 1-224	ULTRA PETRONNE INTERIOR SUPPLY CORPORATION	14071	2/23/13	27,500.00	2,946.43
1-213 to 1-224	ULTRA PETRONNE INTERIOR SUPPLY CORPORATION	14078	2/28/13	13,750.00	1,473.21
1-225 to 1-228	SPACE CREATION INC.	487	2/6/13	54,288.00	5,816.57
1-225 to 1-228	SPACE CREATION INC.	488	2/14/13	3,660.00	392.14
1-229 to 1-231	AMORISA ENTERPRISES	3754	3/11/13	12,500.00	1,339.29
1-232 to 1-234	OFFICEFAB E-SERVICES PHILIPPINES, INC.	1504	3/22/13	148,990.00	15,963.21
1-235 to 1-242	OFFICEFAB E-SERVICES PHILIPPINES, INC.	1230	2/2S/13	2,086.48	223.54
1-235 to 1-242	OFFICEFAB E-SERVICES PHILIPPINES, INC.	1535	2/19/13	11,602.69	1,243.15
1-235 to 1-242	OFFICEFAB E-SERVICES PHILIPPINES, INC.	1534	2/19/13	2,058.13	220.51
1-235 to 1-242	OFFICEFAB E-SERVICES PHILIPPINES, INC.	1518	3/8/13	1,098.25	117.67
1-235 to 1-242	OFFICEFAB E-SERVICES PHILIPPINES, INC.	1520	3/22/13	6,040.00	647.15
1-235 to 1-242	OFFICEFAB E-SERVICES PHILIPPINES, INC.	1556	3/12/13	4,672.09	500.58
1-243 to 1-245	WORLD HOME DEPOT CORPORATION	73328	3/27/13	29,250.00	3,133.93
1-246 to 1-248	Multi Rich Home Decors, Inc.	29123	2/20/13	7,350.00	787.50
1-261 to 1-264	SKYDRAGON CONSTRUCTION PRODUCTS INC.	8985	3/6/13	66,600.00	7,135.71
1-278 to 1-280	AMORISA ENTERPRISES	3737	3/2/13	51,000.00	5,464.29
1-281 to 1-285	LEXUS INDUSTRIAL ENTERPRISE CO	71308	3/16/13	7,250.00	776.79
1-281 to 1-285	LEXUS INDUSTRIAL ENTERPRISE CO	71272	3/15/13	49,555.00	5,309.46
1-281 to 1-285	LEXUS INDUSTRIAL ENTERPRISE CO	71305	3/16/13	39,875.00	4,272.32
1-286 to 1-291	LEXUS INDUSTRIAL ENTERPRISE CO	71128	3/12/13	69,300.00	7,425.00
1-286 to 1-291	LEXUS INDUSTRIAL ENTERPRISE CO	71189	3/13/13	108,000.00	11,571.43
1-286 to 1-291	LEXUS INDUSTRIAL ENTERPRISE CO	71196	3/13/13	33,350.00	3,573.21
1-286 to 1-291	LEXUS INDUSTRIAL ENTERPRISE CO	71014	3/8/13	72,960.00	7,817.14
1-327 to 1-339	NEWTON HARDWARE & LUMBER	189813	3//27/13	14,840.00	1,590.00
1-327 to 1-339	NEWTON HARDWARE & LUMBER	189803	3/26/13	900.00	96.42
1-327 to 1-339	NEWTON HARDWARE & LUMBER	189806	3/26/13	43,050.00	4,612.50
1-327 to 1-339	NEWTON HARDWARE & LUMBER	189810	3/26/13	5,358.00	515.16
1-327 to 1-339	NEWTON HARDWARE & LUMBER	189810	3/26/13	5,358.00	58.93
1-340 to 1-343	HILTI PHILS. INC.	1410262635	3/22/13	35,480.00	3,782.14
1-340 to 1-343	HILTI PHILS. INC.	1410262635	3/22/13	35,480.00	19.29
1-340 to 1-343	HILTI PHILS. INC.	1410262591	3/22/13	4,619.25	494.92
1-344 to 1-349	LEXUS INDUSTRIAL ENTERPRISE CO	071358	3/18/13	84,480.00	9,051.43
1-344 to 1-349	LEXUS INDUSTRIAL ENTERPRISE CO	071394	3/19/13	26,500.00	2,839.29
1-344 to 1-349	LEXUS INDUSTRIAL ENTERPRISE CO	071449	3/21/13	22,525.00	2,413.39
1-344 to 1-349	LEXUS INDUSTRIAL ENTERPRISE CO	071588	3/23/13	32,150.00	3,444.64
1-344 to 1-349	LEXUS INDUSTRIAL ENTERPRISE CO	071589	3/23/13	11,100.00	1,189.29
1-350 to 1-355	LEXUS INDUSTRIAL ENTERPRISE CO	070906	3/6/13	86,730.00	9,292.50
1-350 to 1-355	LEXUS INDUSTRIAL ENTERPRISE CO	071551	3/22/13	15,925.00	1,706.25
1-350 to 1-355	LEXUS INDUSTRIAL ENTERPRISE CO	071550	3/22/13	19,225.00	2,059.82
1-350 to 1-355	LEXUS INDUSTRIAL ENTERPRISE CO	071587	3/23/13	2,775.00	297.32
1-356 to 1-361	SPACE CREATION INC.	0601	3/11/13	69,511.50	7,447.66

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1-356 to 1-361	SPACE CREATION INC.	0493	3/4/13	108,360.00	11,610.00
1-356 to 1-361	SPACE CREATION INC.	0499	3/8/13	6,000.00	642.86
1-356 to 1-361	SPACE CREATION INC.	0497	3/4/13	48,762.00	5,224.50
1-362 to 1-366	CONLUCK INFINITY INDUSTRIAL, INC.	96090	3/13/13	4,312.00	462.00
1-362 to 1-366	CONLUCK INFINITY INDUSTRIAL, INC.	96081	3/9/13	49,039.00	5,254.17
1-367 to 1-371	GCK INTERNATIONAL INC.	5745	3/18/13	159,500.00	17,089.28
1-367 to 1-371	GCK INTERNATIONAL INC.	5746	3/18/13	99,090.00	10,616.79
1-367 to 1-371	GCK INTERNATIONAL INC.	5780	3/21/13	17,050.00	1,826.78
1-372 to 1-375	ABLESTAR UNI TRADING	3643	3/4/13	11,700.00	1,253.57
1-372 to 1-375	ABLESTAR UNI TRADING	3642	3/8/13	11,490.00	1,231.07
1-376 to 1-382	Cebu Oversea Hardware Co., Inc.	458741	1/24/13	4,403.00	471.75
1-376 to 1-382	Cebu Oversea Hardware Co., Inc.	464148	3/11/13	118,400.00	12,685.71
1-376 to 1-382	Cebu Oversea Hardware Co., Inc.	464183	3/12/13	40,700.00	4,360.71
1-376 to 1-382	Cebu Oversea Hardware Co., Inc.	464128	3/11/13	70,881.50	7,594.45
1-376 to 1-382	Cebu Oversea Hardware Co., Inc.	464127	3/11/13	6,430.25	688.96
1-397 to 1-400	MCJ-KRYSCON Enterprises	4503	3/14/13	8,560.00	917.14
1-397 to 1-400	MCJ-KRYSCON Enterprises	4504	3/14/13	32,776.00	3,511.73
1-996 to 1-998	MCJ-KRYSCON Enterprises	4553	3/19/13	17,412.50	1,865.63
1-401 to 1-406	ULTRA PETRONNE INTERIOR SUPPLY CORPORATION	14803	3/16/13	7,010.00	751.08
1-401 to 1-406	ULTRA PETRONNE INTERIOR SUPPLY CORPORATION	14812	3/20/13	7,170.00	768.22
1-401 to 1-406	ULTRA PETRONNE INTERIOR SUPPLY CORPORATION	14813	3/20/13	6,840.00	732.86
1-401 to 1-406	ULTRA PETRONNE INTERIOR SUPPLY CORPORATION	14100	3/14/13	9,000.00	964.29
1-407 to 1-410	ULTRA PETRONNE INTERIOR SUPPLY CORPORATION	14820	3/23/13	988.00	105.86
1-407 to 1-410	ULTRA PETRONNE INTERIOR SUPPLY CORPORATION	14818	3/23/13	1,140.00	122.14
1-411 to 1-414	NEW GOLD BOND MARKETING CORP.	7306	3/4/13	46,400.00	4,971.43
1-411 to 1-414	NEW GOLD BOND MARKETING CORP.	7358	3/11/13	6,336.00	678.86
1-415 to 1-418	CEBU OVERSEA HARDWARE CO. INC.	460806	2/28/13	2,380.00	255.00
1-415 to 1-418	CEBU OVERSEA HARDWARE CO. INC.	460706	2/25/13	88,060.00	9,435.00
1-435 to 1-446; 1-1012	Llanera Hardware	16230	3/7/13	1,500.00	160.71
1-435 to 1-446; 1-1012	Llanera Hardware	16243	3/7/13	5,395.00	578.04
1-435 to 1-446; 1-1012	Llanera Hardware	16227	3/7/13	1,500.00	160.71
1-435 to 1-446; 1-1012	Llanera Hardware	16303	3/9/13	14,250.00	1,526.79
1-435 to 1-446; 1-1012	Llanera Hardware	16229	3/7/13	5,000.00	535.71
1-435 to 1-446; 1-1012	Llanera Hardware	16418	3/16/13	24,420.00	2,616.43
1-435 to 1-446; 1-1012	Llanera Hardware	16332	3/12/13	10,000.00	1,071.43
1-435 to 1-446; 1-1012	Llanera Hardware	16412	3/16/13	2,470.00	264.64
1-435 to 1-446; 1-1012	Llanera Hardware	16140	3/2/13	7,500.00	803.57
1-447 to 1-460	Llanera Hardware	16402	3/15/13	14,520.00	109.30
1-447 to 1-460	Llanera Hardware	16402	3/15/13	14,520.00	1,446.43
1-447 to 1-460	Llanera Hardware	16244	3/7/13	2,360.00	252.85
1-447 to 1-460	Llanera Hardware	16289	3/9/13	7,800.00	835.71
1-447 to 1-460	Llanera Hardware	16285	3/9/13	29,505.00	3,161.26
1-447 to 1-460	Llanera Hardware	16282	3/9/13	18,340.00	1,965.00
1-447 to 1-460	Llanera Hardware	16281	3/9/13	22,625.00	2,424.13
1-447 to 1-460	Llanera Hardware	16408	3/16/13	10,290.00	1,102.50
1-447 to 1-460	Llanera Hardware	16404	3/15/13	1,510.00	161.78
1-447 to 1-460	Llanera Hardware	16421	3/16/13	6,880.00	737.15
1-447 to 1-460	Llanera Hardware	16435	3/18/13	5,250.00	562.50
1-447 to 1-460	Llanera Hardware	16409	3/16/13	6,120.00	655.72
1-447 to 1-460	Llanera Hardware	16403	3/15/13	2,400.00	257.14
1-461 to 1-467	LEXUS INDUSTRIAL ENTERPRISE CO	070922	3/7/13	18,500.00	1,982.14
1-461 to 1-467	LEXUS INDUSTRIAL ENTERPRISE CO	071028	3/8/13	34,075.00	3,650.89
1-461 to 1-467	LEXUS INDUSTRIAL ENTERPRISE CO	071084	3/11/13	16,200.00	1,735.71
1-461 to 1-467	LEXUS INDUSTRIAL ENTERPRISE CO	071055	3/9/13	53,425.00	5,724.11

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1-461 to 1-467	LEXUS INDUSTRIAL ENTERPRISE CO	069646	2/6/13	1,300.00	139.29
1-461 to 1-467	LEXUS INDUSTRIAL ENTERPRISE CO	070921	3/7/13	13,640.00	1,461.43
1-468 to 1-477	RO-ED ENTERPRISES	015	3/21/13	6,000.00	642.86
1-468 to 1-477	RO-ED ENTERPRISES	018	3/20/13	107,947.60	11,565.82
1-468 to 1-477	RO-ED ENTERPRISES	020	3/18/13	26,146.40	2,801.40
1-468 to 1-477	RO-ED ENTERPRISES	019	3/20/13	25,328.80	2,713.76
1-468 to 1-477	RO-ED ENTERPRISES	013	3/18/13	39,872.00	4,272.07
1-478 to 1-481	Multi Rich Home Decors, Inc.	29403	3/25/13	7,030.00	753.21
1-478 to 1-481	Multi Rich Home Decors, Inc.	29404	3/25/13	4,800.00	514.29
1-482 to 1-485	NEW GOLD BOND MARKETING CORP.	7471	3/26/13	234,000.00	25,071.43
1-482 to 1-485	NEW GOLD BOND MARKETING CORP.	7470	3/26/13	2,536.00	271.72
1-486 to 1-489	NEW GOLD BOND MARKETING CORP.	7469	3/26/13	208,800.00	22,371.43
1-497 to 1-503	ULTRA PETRONNE INTERIOR SUPPLY CORPORATION	14099	3/14/13	57,200.00	6,128.57
1-497 to 1-503	ULTRA PETRONNE INTERIOR SUPPLY CORPORATION	14084	3/5/13	43,686.00	4,680.63
1-497 to 1-503	ULTRA PETRONNE INTERIOR SUPPLY CORPORATION	14093	3/9/13	196,850.80	21,091.16
1-497 to 1-503	ULTRA PETRONNE INTERIOR SUPPLY CORPORATION	14091	3/9/13	20,724.00	2,220.42
1-497 to 1-503	ULTRA PETRONNE INTERIOR SUPPLY CORPORATION	14090	3/9/13	7,600.00	814.29
1-504 to 1-506	ULTRA PETRONNE INTERIOR SUPPLY CORPORATION	14680	3/6/13	47,500.00	5,089.28
1-507 to 1-511	PERFECTBUILD TRADE CORP.	13730	3/20/13	9,600.00	1,028.57
1-507 to 1-511	PERFECTBUILD TRADE CORP.	13731	3/20/13	9,600.00	1,028.57
1-512 to 1-514	CAL ASIA	0765	3/27/13	355,200.00	38,057.14
1-551 to 1-556	MC HOME DEPOT INC.	68304	3/27/13	230.00	24.64
1-584 to 1-589	SBC Construction Supply	11924	3/21/13	99,810.00	10,693.93
1-584 to 1-589	SBC Construction Supply	11928	3/22/13	2,210.00	236.79
1-584 to 1-589	SBC Construction Supply	11925	3/20/13	32,650.00	3,498.21
1-584 to 1-589	SBC Construction Supply	11926	3/22/13	177,300.00	18,996.43
1-590 to 1-597	SBC Construction Supply	11918	3/20/13	1,976.00	211.71
1-590 to 1-597	SBC Construction Supply	11902	3/9/13	8,430.00	903.21
1-590 to 1-597	SBC Construction Supply	11903	3/11/13	98,900.00	10,596.43
1-590 to 1-597	SBC Construction Supply	11904	3/11/13	11,250.00	1,205.36
1-590 to 1-597	SBC Construction Supply	11906	3/14/13	36,520.00	3,912.82
1-590 to 1-597	SBC Construction Supply	11905	3/12/13	72,000.00	7,714.29
1-598 to 1-601	SBC Construction Supply	11908	3/14/13	14,400.00	1,542.86
1-598 to 1-601	SBC Construction Supply	11909	3/15/13	225,306.00	24,139.93
1-602 to 1-607	SBC Construction Supply	11912	3/15/13	98,318.72	10,534.13
1-602 to 1-607	SBC Construction Supply	11916	3/20/13	39,900.00	4,274.99
1-602 to 1-607	SBC Construction Supply	11915	3/18/13	30,250.00	3,241.07
1-627 to 1-629	Trustcom Technology & Trading	1891	3/18/13	73,000.00	7,821.43
1-643 to 1-654	Officefab E-Services Philippines, Inc.	1616	3/18/13	17,224.14	1,845.44
1-643 to 1-654	Officefab E-Services Philippines, Inc.	1860	3/15/13	9,354.50	1,002.27
1-683 to 1-686	Ultra Petronne Interior Supply Corporation	14821	3/23/13	3,270.00	350.36
1-683 to 1-686	Ultra Petronne Interior Supply Corporation	14823	3/25/13	22,500.00	2,410.71
1-683 to 1-686	Ultra Petronne Interior Supply Corporation	14819	3/23/13	9,000.00	964.29
1-687 to 1-691	Ultra Petronne Interior Supply Corporation	14827	3/27/13	11,822.89	1,266.73
1-692 to 1-695	Cebu Oversea Hardware Co., Inc.	464568	3/27/13	34,020.00	3,645.00
1-716 to 1-719	SBC Construction Supply	12054	3/27/13	7,280.00	780.00
1-716 to 1-719	SBC Construction Supply	12053	3/27/13	6,320.00	677.14
1-725 to 1-728	AVD Marketing Corporation	096759	3/9/13	167,508.00	17,947.29
1-725 to 1-728	AVD Marketing Corporation	096813	3/25/13	55,500.00	5,946.43
1-729 to 1-731	AVD Marketing Corporation	096757	3/9/13	251,370.00	26,932.50
1-738 to 1-743	Llanera Hardware	16562	3/25/13	1,680.00	180.00
1-738 to 1-743	Llanera Hardware	16572	3/26/13	26,080.00	2,794.29
1-738 to 1-743	Llanera Hardware	16573	3/26/13	12,876.50	1,379.62
1-738 to 1-743	Llanera Hardware	16521	3/22/13	1,100.00	117.86
1-738 to 1-743	Llanera Hardware	16410	3/16/13	56,180.00	6,019.29
1-738 to 1-743	Llanera Hardware	16460	3/19/13	14,210.00	1,522.50
1-738 to 1-743	Llanera Hardware	16480	3/20/13	2,000.00	214.29
1-738 to 1-743	Llanera Hardware	16481	3/20/13	4,210.00	451.07
1-738 to 1-743	Llanera Hardware	16492	3/21/13	25,840.00	2,768.57
1-744 to 1-747	Llanera Hardware	16548	3/23/13	10,000.00	1,071.42

1-748 to 1-750	SOGO Builders Supply, Inc.	35809	3/22/13	25,712.00	2,754.86
1-748 to 1-750	SOGO Builders Supply, Inc.	35810	3/22/13	7,686.00	823.50
1-754 to 1-764	Llanera Hardware	16228	3/7/13	10,000.00	1,071.43
1-772 to 1-779	Conluck Infinity Industrial, Inc.	96859	3/23/13	21,740.00	2,329.29
1-772 to 1-779	Conluck Infinity Industrial, Inc.	96593	3/21/13	2,750.00	294.64
1-772 to 1-779	Conluck Infinity Industrial, Inc.	96595	3/20/13	15,200.00	1,628.57
1-772 to 1-779	Conluck Infinity Industrial, Inc.	96576	3/19/13	24,618.00	2,637.64
1-772 to 1-779	Conluck Infinity Industrial, Inc.	96575	3/19/13	12,340.00	1,322.14
1-772 to 1-779	Conluck Infinity Industrial, Inc.	96574	3/19/13	5,406.00	579.22
1-780 to 1-787	Conluck Infinity Industrial, Inc.	96594	3/20/13	6,435.00	689.46
1-780 to 1-787	Conluck Infinity Industrial, Inc.	96596	3/20/13	16,485.00	1,766.25
1-780 to 1-787	Conluck Infinity Industrial, Inc.	96597	3/20/13	60,817.00	6,516.10
1-780 to 1-787	Conluck Infinity Industrial, Inc.	96861	3/21/13	3,920.00	420.00
1-780 to 1-787	Conluck Infinity Industrial, Inc.	96871	3/25/13	4,920.00	527.14
1-780 to 1-787	Conluck Infinity Industrial, Inc.	96870	3/26/13	9,412.00	1,008.43
1-788 to 1-798	Conluck Infinity Industrial, Inc.	96864	3/25/13	5,015.00	537.32
1-801 to 1-803	Skydragon Construction Products, Inc.	9054	3/27/13	288,000.00	30,857.14
1-804 to 1-805; 1-802	Space Creation, Inc.	0604	3/12/13	16,950.00	1,816.07
1-809 to 1-812; 1-979 to 1-181	Space Creation, Inc.	0610	3/22/13	10,260.00	1,099.28
1-809 to 1-812; 1-979 to 1-181	Space Creation, Inc.	0607	3/18/13	1,800.00	192.86
1-809 to 1-812; 1-979 to 1-181	Space Creation, Inc.	0606	3/16/13	4,000.00	428.57
1-809 to 1-812; 1-979 to 1-181	Space Creation, Inc.	0608	3/18/13	1,975.00	211.61
1-813 to 1-819	Cebu Evergreen Industries, Inc.	187199	3/5/13	53,000.00	5,678.57
1-813 to 1-819	Cebu Evergreen Industries, Inc.	187230	3/15/13	13,250.00	1,419.64
1-813 to 1-819	Cebu Evergreen Industries, Inc.	187229	3/15/13	12,190.00	1,306.07
1-813 to 1-819	Cebu Evergreen Industries, Inc.	187187	3/4/13	53,050.00	5,683.93
1-813 to 1-819	Cebu Evergreen Industries, Inc.	187200	3/5/13	87,185.00	9,341.25
1-813 to 1-819	Cebu Evergreen Industries, Inc.	187437	3/27/13	10,600.00	1,135.71
1-820 to 1-829; 1-976; 1-977	Cebu Evergreen Industries, Inc.	187436	3/27/13	9,805.00	1050.54
1-820 to 1-829; 1-976; 1-977	Cebu Evergreen Industries, Inc.	187237	3/19/13	22,500.00	2,410.71
1-820 to 1-829; 1-976; 1-977	Cebu Evergreen Industries, Inc.	187236	3/19/13	39,750.00	4,258.93
1-820 to 1-829; 1-976; 1-977	Cebu Evergreen Industries, Inc.	187203	3/5/13	38,955.00	4,173.75
1-820 to 1-829; 1-976; 1-977	Cebu Evergreen Industries, Inc.	187205	3/6/13	26,500.00	2,839.29
1-820 to 1-829; 1-976; 1-977	Cebu Evergreen Industries, Inc.	187191	3/4/13	26,500.00	2,839.29
1-820 to 1-829; 1-976; 1-977	Cebu Evergreen Industries, Inc.	187204	3/6/13	26,500.00	2,839.29
1-820 to 1-829; 1-976; 1-977	Cebu Evergreen Industries, Inc.	187206	3/6/13	41,605.00	4,457.68
1-830 to 1-832	AMORISA ENTERPRISES	3774	3/23/13	7,500.00	401.79
1-830 to 1-832	AMORISA ENTERPRISES	3774	3/23/13	7,500.00	401.79
1-830 to 1-832	AMORISA ENTERPRISES	3781	3/27/13	51,000.00	5,464.29
1-843 to 1-844; 1-970	MULTI RICH HOME DECORS INC.	29250	3/11/13	134,640.00	14,425.71
1-1013	SPACE CREATION INC	0605	3/12/13	10,000.00	1,071.43
1-845 to 1-848	MULTI RICH HOME DECORS INC.	29284	3/11/13	52,200.00	5,592.86
1-845 to 1-848	MULTI RICH HOME DECORS INC.	29364	3/18/13	16,650.00	1,783.93

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1-874 to 1-883	LC5 & MACH ENTERPRISES CORP.	05258	3/22/13	8,800.00	942.86
1-874 to 1-883	LC5 & MACH ENTERPRISES CORP.	05272	3/22/13	8,100.00	867.86
1-874 to 1-883	LC5 & MACH ENTERPRISES CORP.	05255	3/22/13	35,200.00	3,771.43
1-874 to 1-883	LC5 & MACH ENTERPRISES CORP.	05353	3/23/13	9,500.00	1,017.86
1-874 to 1-883	LC5 & MACH ENTERPRISES CORP.	05352	3/22/13	8,550.00	916.07
1-887 to 1-889	CAL ASIA	0762	3/26/13	87,360.00	9,360.00
1-893 to 1-895	CAL ASIA	0763	3/26/13	360,000.00	38,571.45
1-896 to 1-898	CAL ASIA	0729	3/11/13	339,066.00	36,328.50
1-936 to 1-938	CAL ASIA	0764	3/26/13	575,700.00	61,682.16
1-939 to 1-942	NEW GOLD BOND MARKETING CORP.	7290	3/1/13	4,752.00	509.14
1-939 to 1-942	NEW GOLD BOND MARKETING CORP.	7131	2/8/13	1,560.00	167.14
1-946 to 1-950	SAMITRADE INCORPORATED	1567	3/22/13	27,500.00	2,946.43
2-9 to 2-11	Skydragon Construction Products Inc.	9006	3/18/13	29,700.00	3,182.14
2-9 to 2-11	Skydragon Construction Products Inc.	9029	3/23/13	63,000.00	6,750.00
2-12 to 2-14	Skydragon Construction Products Inc.	9030	3/23/13	351,000.00	37,607.14
2-17 to 2-19	Cebu Evergreen Industries Inc.	187418	3/23/13	4,500.00	482.15
2-210 to 2-212	New Gold Bond Marketing Corp.	7463	3/25/13	4,400.00	471.42
2-297 to 2-299	Perfectbuild Trade Corp.	13644	3/9/13	135,220.00	14,487.86
2-412 to 2-416	Cebu Evergreen Industries Inc.	187010	1/19/13	165,000.00	17,678.57
2-412 to 2-416	Cebu Evergreen Industries Inc.	187105	2/4/13	55,000.00	5,892.86
2-443 to 2-446	Space Creation Inc.	0602	3/11/13	15,752.80	1,687.80
2-458 to 2-461	Diamond Concept, Inc.	00229	3/15/13	84,000.00	9,000.00
2-482 to 2-484	Perfectbuild Trade Corp.	13771	3/25/13	40,471.00	4,336.18
1-5 to1-10	ABLESTAR UNI TRADING	3628	3/4/13	5,400.00	578.58
1-11 to 1-30	NEWTON HARDWARE & LUMBER	189974	3/13/13	802.00	85.94
1-11 to 1-30	NEWTON HARDWARE & LUMBER	189967	3/11/13	4,020.00	430.72
1-11 to 1-30	NEWTON HARDWARE & LUMBER	189988	3/18/13	12,327.50	1,320.81
1-327 to 1-339	NEWTON HARDWARE & LUMBER	189809	3/26/13	11,920.00	1,277.15
1-490 to 1-496; 1-969	CFAL OASIS DEVELOPMENT CORP.	12613, 12334, 12607, 12326, 12328, 12443, 12377, 12376, 12355	3/16/13 to 3/31/13	18,230.43	2,111.87
1-117 to 1-121	VLF WOOD VENEERS	318	1/22/13	3,000.00	142.86
1-307 to 1-314	I I ANERA HARDWARE	16087	2/28/13	13,000.00	1,392.85
1-362 to 1-366	CONLUCK INFINITY INDUSTRIAL, INC.	96091	3/13/13	2,910.00	311.66
1-435 to 1-446; 1-1012	Llanera Hardware	16411	3/16/13	41,281.00	4,422.97
1-507 to 1-511	PERFECTBUILD TRADE CORP.	13733	3/20/13	13,250.00	1,371.43
1-507 to 1-511	PERFECTBUILD TRADE CORP.	13732	3/20/13	28,050.00	2,956.80
2-458 to 2-461	Diamond Concept, Inc.	00219	2/26/13	61,600.00	4,800.00
1-31 to 1-34	MARC ALAIN GENERAL MERCHANDISING	692432	2/27/13	70,050.00	7,505.36
1-31 to 1-34	MARC ALAIN GENERAL MERCHANDISING	692235	2/26/13	17,250.00	1,848.21
1-31 to 1-34	MARC ALAIN GENERAL MERCHANDISING	692080	2/22/13	20,000.00	2,142.86
1-88 to 1-90	RO-ED ENTERPRISES	10	3/12/13	330,012.00	35,358.34
1-91 to 1-93	RO-ED ENTERPRISES	11	3/12/13	256,551.45	27,487.67
1-94 to 1-109	LLANERA HARDWARE	15978	2/23/13	2,500.00	267.86
1-94 to 1-109	LLANERA HARDWARE	15979	2/23/13	7,750.00	830.36
1-94 to 1-109	LLANERA HARDWARE	15698	2/12/13	5,400.00	578.57
1-94 to 1-109	LLANERA HARDWARE	15906	2/19/13	8,000.00	857.14
1-94 to 1-109	LLANERA HARDWARE	15880	2/19/13	4,800.00	514.29
1-94 to 1-109	LLANERA HARDWARE	15879	2/19/13	8,000.00	857.14
1-94 to 1-109	LLANERA HARDWARE	15843	2/16/13	25,820.00	2,766.75
1-94 to 1-109	LLANERA HARDWARE	15842	2/16/13	9,720.00	1,041.44
1-94 to 1-109	LLANERA HARDWARE	15826	2/16/13	10,000.00	1,071.43
1-94 to 1-109	LLANERA HARDWARE	15700	2/12/13	9,250.00	991.08
1-94 to 1-109	LLANERA HARDWARE	15748	2/13/13	4,680.00	501.43
1-94 to 1-109	LLANERA HARDWARE	15982	2/23/13	8,825.00	945.52
1-187 to 1-192	RO-ED ENTERPRISES	6	3/5/13	69,304.00	7,425.43
1-187 to 1-192	RO-ED ENTERPRISES	5	3/8/13	32,770.00	3,511.04
1-187 to 1-192	RO-ED ENTERPRISES	4	3/8/13	60,796.04	6,513.86
1-187 to 1-192	RO-ED ENTERPRISES	1	3/1/13	7,935.00	850.18

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1-268 to 1-273	RO-ED ENTERPRISES	9	3/8/13	167,400.00	17,935.72
1-268 to 1-273	RO-ED ENTERPRISES	3	3/3/13	17,500.00	1,875.00
1-268 to 1-273	RO-ED ENTERPRISES	8	3/8/13	75,600.00	8,100.00
1-268 to 1-273	RO-ED ENTERPRISES	7	3/6/13	38,016.00	4,073.15
1-394 to 1-396	RO-ED ENTERPRISES	002	3/1/13	36,850.00	3,948.21
1-705 to 1-709	Multi Rich Home Decors, Inc.	29413	3/27/13	25,830.00	2,767.50
TOTAL DISALLOWED PURCHASE OF GOODS - SALES INVOICES DATED OUTSIDE PERIOD OF CLAIM					**₱ 1,320,117.67**
II. DISALLOWED PURCHASE OF GOODS - SALES INVOICES NOT PROVIDED[78]					
1-296 to 1-298	ALLGEMEINE BAU CHEMIE PHIL. INC.	376031	2/25/13	₱ 10,386.00	₱ 1,112.78
1-299 to 1-303	LEXUS INDUSTRIAL ENTERPRISE CO	070923	3/7/13	33,390.00	3,577.50
1-299 to 1-303	LEXUS INDUSTRIAL ENTERPRISE CO	071027	3/8/13	39,750.00	4,258.93
1-299 to 1-303	LEXUS INDUSTRIAL ENTERPRISE CO	071085	3/11/13	73,800.00	7,907.14
1-299 to 1-303	LEXUS INDUSTRIAL ENTERPRISE CO	071056	3/9/13	39,600.00	4,242.86
1-304 to 1-306	LEXUS INDUSTRIAL ENTERPRISE CO	070904	3/6/13	156,750.00	16,794.64
1-307 to 1-314	Llanera Hardware	16128	3/2/13	1,250.00	133.93
1-307 to 1-314	Llanera Hardware	16194	3/5/13	23,850.00	2,555.36
1-307 to 1-314	Llanera Hardware	16127	3/2/13	950.00	101.79
1-307 to 1-314	Llanera Hardware	16130	3/2/13	16,450.00	1,762.50
1-307 to 1-314	Llanera Hardware	16126	3/2/13	4,300.00	460.72
1-307 to 1-314	Llanera Hardware	16083	2/28/13	1,300.00	139.29
1-307 to 1-314	Llanera Hardware	15561	2/6/13	1,000.00	107.14
1-315 to 1-326	NEWTON HARDWARE & LUMBER	189804	3/26/13	102,788.00	11,012.99
1-315 to 1-326	NEWTON HARDWARE & LUMBER	189994	3/22/13	14,180.00	1,519.29
1-315 to 1-326	NEWTON HARDWARE & LUMBER	189805	3/26/13	10,660.00	1,142.14
1-315 to 1-326	NEWTON HARDWARE & LUMBER	189812	3/26/13	3,300.00	353.57
1-315 to 1-326	NEWTON HARDWARE & LUMBER	189811	3/26/13	1,130.00	121.07
1-835 to 1-838	Llanera Hardware	16563	3/25/13	16,950.00	1,816.07
TOTAL DISALLOWED PURCHASE OF GOODS - SALES INVOICES NOT PROVIDED					**₱ 59,119.71**
				TOTAL	**₱ 1,379,237.38**

Thus, out of the reported input VAT of ₱12,251,028.97, only the amount of ₱6,796,442.67 pertains to petitioner's valid input VAT for the 2nd to 4th quarters of CY 2013, computed as follows:

Input VAT per Claim		₱12,251,028.97
Less: Disallowances		
Per ICPA Report		
1. On domestic purchase of **goods**	₱3,330,719.31	
2. On domestic purchase of **services**	411,593.51	
3. **Goods and services** WITHOUT supporting documents	88,861.53	3,831,174.35
Per Court's further verification		
1. On domestic purchase of **goods**	₱1,516,734.60[79]	
2. On domestic purchase of **services**	106,677.35	1,623,411.95
Total Valid Input VAT		**₱6,796,442.67**

Considering that there are both zero-rated or effectively zero-rated sales and taxable

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[78] The supporting documents contained in the file as Exhibit "P-11-D-1-295" to "P-11-D-1-326" actually contain Exhibits "P-11-D-1-327" to "P-11-D-1-341".

[79] ₱137,497.22 + ₱1,379,237.38.

sales, the said amount of ₱6,796,442.67 shall be proportionately allocated on the basis of sales volume.

The *eighth* requisite is to the effect that the input taxes claimed are attributable to zero-rated or effectively zero-rated sales. However, where there are both zero-rated or effectively zero-rated sales and taxable or exempt sales, and the input taxes cannot be directly and entirely attributable to any of these sales, the input taxes shall be proportionately allocated on the basis of sales volume.

In this case, for the subject period of claim, there exists zero-rated or effectively zero-rated sales and taxable sales.

However, considering that petitioner's input VAT cannot be directly or entirely attributed to any of the said transactions, the valid input VAT of ₱6,796,442.67 shall be allocated proportionately on the basis of the volume of petitioner's total sales, as shown below:

Taxable Sales/Receipts*	₱ 38,970,665.97
Divided by the adjusted Total Sales/Receipts*	256,801,826.78
Multiplied by Total Valid Input VAT	6,796,442.67
Valid input VAT allocated to sales subject to the 12% VAT	**₱1,031,386.34**

Total Valid Zero-Rated Receipts	₱215,700,048.86
Divided by the adjusted Total Sales/Receipts*	256,801,826.78
Multiplied by Total Valid Input VAT	6,796,442.67
Valid Input VAT allocated to valid zero-rated sales	**₱5,708,654.94**

**amounts as adjusted*[80]

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	2nd Quarter	3rd Quarter	4th Quarter	Total
Vatable Sales/Receipts (per Return)	₱5,427,184.98	₱5,589,961.37	₱25,696,376.70	₱36,713,523.05
Add: Adjustment (₱270,857.15* divided by 12%)				2,257,142.92
Vatable Sales (as adjusted)				**₱38,970,665.97**
Zero-rated Receipts (per Return)	₱86,223,950.24	₱53,582,109.75	₱77,988,100.82	₱217,794,160.81
Add: collections from DTSII based on OR but not included in SLS				37,000.00
Zero-rated Receipts (as adjusted)				**₱217,831,160.81**

Thus, for purposes of, and with regard to petitioner's compliance with the *eight* requisite, only the amount of ₱1,031,386.34 represents petitioner's valid input VAT attributable to sales subject to the 12% VAT, while the amount of ₱5,708,654.94 denotes valid input VAT attributable to valid zero-rated sales.

The subject valid input taxes have not been applied against output taxes during and in the succeeding quarters.

Having determined that petitioner had valid input VAT attributable to its zero-rated sales, the Court shall now determine whether the same was applied against its output VAT liability during and in the succeeding quarters, relative to the *ninth* requisite for the successful prosecution of an input VAT refund claim.

In the subject period, petitioner has an output VAT liability in the amount of ₱4,405,622.77.[81] Moreover, additional output tax due in the amount of ₱270,857.15[82], accounted by the ICPA as collections subject to VAT not included in SLS, shall also be considered. Since petitioner's valid input VAT in the amount of ₱1,031,386.34 allocated to sales subject to the 12% VAT is not enough to cover the said output VAT liability, the output VAT still due against petitioner is computed as follows:

Output VAT (₱4,405,622.77 + ₱270,857.15)	₱ 4,676,479.92
Less: Valid Input VAT allocated to Sales subject to the 12% VAT	1,031,386.34
Output VAT Still Due	**₱3,645,093.58**

The valid input VAT attributable to valid zero-rated receipts in the amount of ₱5,708,654.94 shall then be utilized against the said remaining output VAT liability of petitioner in the amount of

Total Sales/Receipts as adjusted				**₱256,801,826.78**

*Exhibit "P-11" (cc: No. 8, letters a and b, p. 6; letters a and b, p. 11), p. 12.

[81] Line 15B of Exhibits "P-3", "P-4", and "P-5", Docket, Vol. I, pp. 309, 315 and 321.

	2nd Quarter	3rd Quarter	4th Quarter	Total
Output VAT per Return	₱651,262.20	₱670,795.36	₱3,083,565.21	₱4,405,622.77

[82] Exhibit "P-11", p. 12 No. 8, letters a and b, p. 6; letters a and b, p. 11.

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₱3,645,093.58. Correspondingly, only the remaining input VAT of ₱2,063,561.36 represents petitioner's unapplied/excess input VAT attributable to its valid zero-rated receipts, as determined below:

Substantiated Input VAT Allocated to Zero-Rated Receipts	₱ 5,708,654.94
Less: Output VAT still due	3,645,093.58
Excess input VAT attributable to valid zero-rated receipts	**₱2,063,561.36**

Needless to state, the said amount of ₱2,063,561.36 is part of the subject refund claim of ₱12,251,028.97.

It is noteworthy that petitioner deducted the input VAT amount of ₱15,108,795.90 as *"VAT Refund/TCC claimed"* in its Amended 2nd Quarterly VAT Return of CY 2015,[83] which included the subject claim of ₱12,251,028.97. By virtue thereof, the subject claim, which includes the above-stated amount of ₱2,063,561.36, did not form part of the excess input VAT of ₱29,569,439.33[84] as of the end of the 2nd quarter of CY 2015 to be carried over/ applied to the succeeding quarters. Thus, petitioner is deemed to have fulfilled the said *ninth* requisite in the refund of input VAT under Section 112(A) of the NIRC of 1997, as amended.

In fine, petitioner is entitled to the refund of, or issuance of tax credit certificate in, the amount of ₱2,063,561.36.

WHEREFORE, in light of the foregoing considerations, the instant *Petition for Review* is **PARTIALLY GRANTED**. Accordingly, respondent is **ORDERED TO REFUND or TO ISSUE A TAX CREDIT CERTIFICATE** in favor of petitioner in the amount of **₱2,063,561.36**, representing petitioner's excess and unutilized input VAT attributable to its zero-rated sales for the 2nd, 3rd and 4th quarters of CY 2013.

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[83] Line 23D, Exhibit "P-26".
Composition of VAT Refund/TCC claimed:

Exhibit	**CY 2013**		
"P-31"	1st Quarter		₱ 2,857,766.93
"P-3"	2nd Quarter	₱5,022,379.58	
"P-4"	3rd Quarter	3,479,157.17	
"P-5"	4th Quarter	3,749,492.22	**12,251,028.97**
	Total		₱15,108,795.90

[84] Line 29, Exhibit "P-26".

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SO ORDERED.

Cielito N. Mindaro-Grulla
CIELITO N. MINDARO-GRULLA
Associate Justice

WE CONCUR:

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

JEAN MARIE A. BACORRO-VILLENA
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.
JUANITO C. CASTAÑEDA, JR.
Associate Justice
2nd Division Chairperson

CERTIFICATION

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

ROMAN G. DEL ROSARIO
Presiding Justice