Republic of the Philippines
COURT OF TAX APPEALS
Quezon City

SECOND DIVISION

MANULIFE DATA SERVICES, INC., Petitioner,	**CTA Case No. 8701**
-versus-	**Members:** CASTAÑEDA, JR., *Chairperson* CASANOVA, *and* COTANGCO-MANALASTAS, *JJ.*
COMMISSIONER OF INTERNAL REVENUE, Respondent.	**Promulgated:** OCT 2 8 2015 3:30 p.m.

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DECISION

CASANOVA, *J.*:

This Petition for Review, filed by petitioner Manulife Data Services, Inc., seeks the refund or issuance of tax credit certificate of the amount of P29,406,541.23, representing petitioner's alleged excess and unutilized excess VAT payments attributable to its VAT and zero-rated sales for the 1st to the 4th quarters of Calendar Year (CY) 2011.

Petitioner is a foreign corporation duly registered with and authorized by the Securities and Exchange Commission ("SEC") to operate as a Regional Operating Headquarters ("ROHQ") with principal office address at Manulife Building, UP North Science and Technology Park, Commonwealth Avenue, Diliman, Quezon City.[1]

Respondent is the Commissioner of Internal Revenue, presently in the person of the Honorable Kim Jacinto-Henares, who holds office at the 5th Floor BIR National Office Building, Agham Road, Diliman, Quezon City, vested with the power to decide tax cases, including claims for refund and/or tax credits pursuant to Section 4 of the 1997 National Internal Revenue Code, as amended.[2]

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[1] Par. 1, Petition for Review, Docket (Vol. I), p. 14
[2] Par. 1.5 and 1.6, Stipulation of Facts, Joint Stipulation of Facts and Issues (JSFI), Docket (Vol. II), p. 714

Petitioner, as ROHQ, is engaged in performing qualifying services to its affiliates and related parties in the Asia-Pacific Region and other foreign markets. It is a VAT-registered entity as evidenced by its Certificates of Registration (BIR Form 2303) OCN 3RC0000330824[3] and OCN 3RC0000421626[4] both dated March 9, 2006, issued by the Bureau of Internal Revenue, Revenue Region No. 007, Revenue District No. 039 and Revenue Region No. 007, Revenue District No. 038, respectively.

For the 1st to the 4th quarter of CY 2011, petitioner generated the following VAT-able sales and zero-rated sales which were directly attributable to services rendered to its affiliates doing business outside the Philippines, viz:

CY 2011	VAT-able Sales	Zero-rated Sales
1st Quarter	₱ 123,879.72	₱ 325,131,825.82
2nd Quarter	1,972,899.62	322,609,555.60
3rd Quarter	255,132.50	331,372,504.80
4th Quarter	1,070,390.25	456,579,564.39

Petitioner accumulated input VAT for CY 2011 from its domestic purchases of supplies and services as well as from purchase of capital goods which remained unutilized and is now the subject of the instant claim. Petitioner's input VAT[5] for 2011 is herein below summarized, to wit:

Consolidated for CY 2011	Purchases	Input VAT
Purchase of capital goods not exceeding ₱1M	17,916,693.81	2,150,003.26
Domestic purchase of goods other than capital goods	7,117,654.20	7,610,074.36
Domestic purchase of services	158,783,956.18	1,003,315.98
Current portion of Input Tax on purchases of capital goods exceeding Php1 Million	26,845,196.13	19,054,074.75
Less: Output VAT		(410,927.13)
Total Current Purchases	210,663,500.32	29,406,541.23

[3] Annex "B" to Petition for Review, Docket (Vol. I), p. 39
[4] Annex "B-1" to Petition for Review, Ibid, p. 40
[5] No. 13, Facts, Petition for Review, Docket (Vol. I), p. 18

Petitioner filed its VAT and Income Tax Returns[6], which was duly received by respondent on the following dates:

	Date Filed
Quarterly VAT Return, 1st Quarter of 2011	25 April 2011
Quarterly VAT Return, 2nd Quarter of 2011	25 July 2011
Amended Quarterly VAT Return, 2nd Quarter of 2011	22 August 2011
Quarterly VAT Return, 3rd Quarter of 2011	25 October 2011
Quarterly VAT Return, 4th Quarter of 2011	25 January 2012
Amended Quarterly VAT Return, 4th Quarter of 2011	13 April 2012
Quarterly VAT Return, 1st Quarter of 2012	25 April 2012
Amended Quarterly VAT Return, 2nd Quarter of 2012	10 September 2012
Quarterly VAT Return, 3rd Quarter of 2012	25 October 2012
Quarterly VAT Return, 4th Quarter of 2012	25 January 2013
Amended Monthly VAT Declaration for the month of February 2013	26 March 2013
Income Tax Return for 2011 with attached Audited Financial Statement	15 April 2013

On March 27, 2013, petitioner filed with respondent, through the Revenue District Office No. 38 ("RDO 38"), its administrative application for refund or issuance of tax credit certificate for its excess/unutilized input for the 1st to 4th quarters of 2011[7].

Since no action has been taken by respondent on petitioner's administrative claim for refund/issuance of tax credit certificate, petitioner filed the instant Petition for Review.

On September 17, 2013, respondent filed her Answer and interposed the following Special and Affirmative Defenses, to wit:

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[6] No. 1.8, JSFI, Stipulation of Facts, Docket (Vol. II), p. 714
[7] Par. 14, III. Facts, Petition for Review, Docket (Vol. I), p. 18

"6. Petitioner contends that it is entitled for a tax refund or tax credit certificate in the amount of **PESOS: TWENTY-NINE MILLION FOUR HUNDRED SIX THOUSAND FIVE HUNDRED FORTY-ONE AND 23/100 (Php29,406,541.23)** of its excess and unutilized input VAT taxes for the 1st to 4th quarters of calendar year 2011.

7. Section 112 Paragraphs (A) and (C) of the National Internal Revenue Code has this to say on Refund or Tax Credits of Input Tax and the Period within which to file Refund of Input Taxes, to wit:

> ***'Section 112. Refund or Tax Credits of Input Tax –***
> ***(A.) Zero-Rated or Effectively Zero-Rated Sales –***
> ***Any VAT-registered person, whose sales are zero-rated or effectively zero-rated, may, within two (2) years after the close of the taxable quarter when 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: xxxxxx'***
>
> ***Xxx***
>
> ***(C.) Period within which Refund or Tax Credit of Input Taxes shall be made. – In proper cases, <u>the Commissioner shall grant a refund or issue the 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.</u>***
>
> ***'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.***

8. Claims for refund are strictly construed against the taxpayer as the same partake of an exemption;

9. Petitioner has the burden to show proof that the taxes were erroneously or illegally paid, hence, failure on the part of the Petitioner to prove the same is fatal to its cause of action;

10. Petitioner should prove the legal basis in claiming the amount to be refunded;

11. In ***COMMISSIONER OF INTERNAL REVENUE VS. SAN ROQUE POWER CORPORATION, G. R. No. 187485***, the Honorable Supreme Court has this to say on undisputed excess input VAT, to wit:

> ***'xxx Well-established is the rule that tax refunds or credits, just like tax exemptions, are strictly construed against the taxpayer. The burden is on the taxpayer to show that he has strictly complied with the conditions for the grant of the tax refund or credit.'***

12. In ***COMPAIGNIE FINCANCIERE SUCRES ET DENREES vs. COMMISSIONER OF INTERNAL REVENUE, GR No. 133834 August 28, 2006*** the Honorable Supreme Court ruled, to wit:

> ***'xxx Tax refunds are a derogation of the State's taxing power. Hence, like tax exemptions, they are construed strictly against the taxpayer and liberally in favor of the State. Consequently, he who claims a refund or exemption from taxes has the burden of justifying the exemption by words too plain to be mistaken and too categorical to be misinterpreted.'***

On December 27, 2013, petitioner filed a Motion To Commission an Independent Certified Public Accountant which motion was granted by the Court in the hearing on January 29, 2014.

The parties filed their Joint Stipulation of Facts and Issue[8] on January 10, 2014 and the same was subsequently approved and adopted by the Court in its Pre-Trial Order[9] dated January 23, 2014.

After presentation of its evidence, petitioner filed its Formal Offer of Exhibits[10] thru registered mail on May 23, 2014, without respondent's comment thereon. In a Resolution[11] promulgated on July 24, 2014, this Court resolved to admit petitioner's exhibits, except for the following which were denied admission, viz:

> (a) Exhibits "P-2, P-57, P-58, P-59, P-60 and P-2206 to P-2217" for failure of petitioner to submit the originals for comparison;
>
> (b) Exhibits "P-32, P-33, P-34, P-2327, P-1200b, P-1211b, P-1219b, P-1482b, P-1504b, P-1512b, P-1783b, P-1797b, P-1803b, P-2093b, P-2096b and P-2115b to P-2122b" for not being found in the records of the case; and
>
> (c) Exhibits "P-2249 to P-2276" for not being identified during trial and for failure of petitioner to submit the originals for comparison.

In the hearing on September 10, 2014, respondent's counsel manifested that she has no witness to present in this case, and, upon motion, the parties were granted thirty (30) days from September 10, 2014 or until October 10, 2014 to file their memoranda, after which the case shall be considered submitted for decision.

On September 26, 2014, respondent filed her Respondent's Memorandum while petitioner, after an extension of fifteen (15) days granted by the Court, filed its Memorandum For Petitioner on October 23, 2014.

The case was considered submitted for decision per Resolution promulgated on October 28, 2014.

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[8] Docket (Vol. II), pp. 713-717
[9] Ibid, pp. 727-732
[10] Id., pp. 803-830
[11] Id., pp. 886-887

As jointly stipulated by the parties, the sole issue to be resolved is "whether or not petitioner is entitled to the issuance of a tax credit certificate for its unutilized/excess input VAT payments for the 1st to 4th quarters of 2011 amounting to a total of Php29,406,541.23".

Petitioner anchors its claim on Section 110(B) and 112(A) of the National Internal Revenue Code (NIRC) of 1997, as amended, which, respectively, reads as follows:

> "**SEC. 110. Tax Credits.** -
>
> xxx.
>
> (B) **Excess Output or Input Tax.** - If at the end of any taxable quarter the output tax exceeds the input tax, the excess shall be paid by the VAT-registered person. If the input tax exceeds the output tax, the excess shall be carried over to the succeeding quarter or quarters. Provided, however, that any input tax attributable to the purchase of capital goods or to zero-rated sales by a VAT-registered person may at his option be refunded or credited against other internal revenue taxes, subject to the provisions of Section 112.
>
> **SEC. 112. Refunds or Tax Credits of Input Tax.** -
>
> (A) **Zero-rated or Effectively Zero-Rated Sales.** - Any VAT-registered person, whose sales are zero-rated or effectively zero-rated may within two (2) years after the close of the taxable quarter when the sales were made, apply for the issuance of a tax credit certificate or refund of creditable input tax due or paid attributable to such sales except transitional input tax, to the extent that such input tax has not been applied against output tax: **Provided, however**, That in the case of zero-rated sales under Section 106(A)(2)(a)(1), (2) and (b) and Section 108(B)(1) and (2), the acceptable foreign currency exchange proceeds thereof had been duly accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP): **Provided, further**, That where the taxpayer is engaged in zero-rated or effectively zero-rated sale and also in taxable or exempt sale of goods or properties or services, and the amount of creditable input tax due or paid cannot be directly and entirely attributed to any one of the transactions, it shall be allocated proportionately on the

basis of the volume of sales: Provided, finally, That for a person making sales that are zero-rated under Section 108(B)(6), the input taxes shall be allocated ratably between his zero-rated and non zero-rated sales."

Under the afore-quoted provisions, in order to be entitled to a refund or tax credit of input VAT due or paid attributable to zero-rated or effectively zero-rated sales, the following requisites must be met/complied with, to wit:

(1) there must be zero-rated or effectively zero-rated sales;

(2) that input taxes were incurred or paid;

(3) that such input taxes are attributable to zero-rated or effectively zero-rated sales;

(4) that the input taxes were not applied against any output VAT liability; and

(5) that the claim for refund was filed within the two-year prescriptive period.

For the four quarters of taxable year 2011, petitioner had duly filed its Quarterly VAT Returns with the BIR declaring the following:

	1st Quarter	2nd Quarter
	Exhibit "P-35"	*Exhibit "P-36"*
Vatable Sales/Receipts	₱ 123,879.72	₱ 1,972,899.62
Zero-Rated Sales/Receipts	325,131,825.82	322,609,555.60
Total Sales/Receipts	**₱325,255,705.54**	**₱324,582,455.22**
Output Tax Due	₱ 14,865.57	₱ 236,747.95
Less: Allowable Input Tax		
Input Tax Carried Over from Previous Quarter	43,285,603.64	52,327,649.41[12]
Input Tax Deferred on Capital Goods Exceeding ₱1Million from Previous Quarter	18,266,771.54	16,717,259.31
Current Transactions		
Purchase of Capital Goods not exceeding ₱1Million	307,150.42	760,417.33
Purchase of Capital Goods exceeding ₱1Million	445,825.63	1,214,205.61
Domestic Purchases of Goods Other than Capital Goods	335,591.07	188,512.90
Domestic Purchase of Services	12,155,684.18	2,268,135.69

[12] Should be ₱52,327,649.40.

Total Allowable Input Tax	74,796,626.48	73,476,180.25[13]
Less: Deductions from input tax		
Input tax deferred for the succeeding period	16,717,259.31	16,040,015.07
VAT Refund/TCC claimed	5,736,852.20	12,380,003.61
Total Allowable Input Tax	52,342,514.97	45,056,161.57[14]
Net VAT Payable/(Overpayment)	**₱52,327,649.41[15]**	**₱ 44,819,413.61**

	3rd Quarter	4th Quarter	Total
	Exhibit "P-38"	*Exhibit "P-39"*	
Vatable Sales/Receipts	₱ 255,132.50	₱ 1,072,480.88	₱ 3,424,392.72
Zero-Rated Sales/Receipts	331,372,504.80	366,429,620.13	1,345,543,506.35
Total Sales/Receipts	**₱331,627,637.31[16]**	**₱367,502,101.01**	**₱1,348,967,899.07**
Output tax due	₱ 30,615.90	₱ 128,697.71	₱ 410,927.13
Less: Allowable Input Tax			
Input Tax Carried Over from Previous Quarter	44,819,413.61	49,049,300.28	43,285,603.64
Input Tax Deferred on Capital Goods Exceeding ₱1Million from Previous Quarter	16,040,015.07	15,594,680.41	18,266,771.54
Current Transactions			
Purchase of Capital Goods not exceeding ₱1Million	720,852.71	361,582.78	2,150,003.24
Purchase of Capital Goods exceeding ₱1Million	1,423,402.19	137,990.12	3,221,423.55
Domestic Purchase of Goods Other than Capital Goods	174,007.79	156,006.75	854,118.51
Domestic Purchase of Services	1,496,905.22	3,133,349.65	19,054,074.74
Total Allowable Input Tax	64,674,596.59	68,432,909.99	86,831,995.22
Less: Deductions from input tax			
Input Tax on Purchases of Capital Goods exceeding ₱1Million deferred for the succeeding period	15,594,680.41	13,878,120.81	13,878,120.81
VAT Refund/TCC claimed	-	11,997,999.50	30,114,855.31
Total Allowable Input Tax	49,079,916.18	42,556,789.68	42,839,019.11
Net VAT Payable/(Overpayment)	**₱ 49,049,300.28**	**₱ 42,428,091.98**	**₱ 42,428,091.98**

As indicated in the returns, petitioner's excess input VAT arising from its domestic purchases of goods not exceeding ₱1Million, domestic purchases of goods other than capital goods, domestic purchases of services and amortization of input VAT on purchases of capital goods

[13] Should be ₱73,476,180.24.
[14] Should be ₱45,056,161.56.
[15] Should be ₱52,327,649.40.
[16] Should be ₱331,627,637.30.

exceeding ₱1Million for the four quarters of 2011 amounted to ₱29,668,270.78, broken down as follows:

	1st Quarter	2nd Quarter
Input Tax Deferred on Capital Goods exceeding ₱1Million from Previous Quarter	₱ 18,266,771.54	₱ 16,717,259.31
Add: Input Tax on Capital Goods exceeding ₱1Million Purchased this Quarter	445,825.63	1,214,205.61
Total Unamortized Input Tax on Capital Goods exceeding ₱1Million	18,712,597.17	17,931,464.92
Less: Input Tax on Purchases of Capital Goods exceeding ₱1Million deferred for the succeeding period	16,717,259.31	16,040,015.07
Amortization of Input Tax on Capital Goods exceeding ₱1Million	1,995,337.86	1,891,449.85
Add: Input Tax on -		
Domestic Purchases of Capital Goods not Exceeding ₱1Million	307,150.42	760,417.33
Domestic Purchases of Goods Other than Capital Goods	335,591.07	188,512.90
Domestic Purchase of Services	12,155,684.18	2,268,135.69
Total Allowable Input Tax	**₱14,793,763.53**	**₱ 5,108,515.77**

	3rd Quarter	4th Quarter	Total
Input Tax Deferred on Capital Goods exceeding ₱1Million from Previous Quarter	₱ 16,040,015.07	₱ 15,594,680.41	₱ 18,266,771.54
Add: Input Tax on Capital Goods exceeding ₱1Million Purchased this Quarter	1,423,402.19	137,990.12	3,221,423.55
Total Unamortized Input Tax on Capital Goods exceeding ₱1Million	17,463,417.26	15,732,670.53	21,488,195.09
Less: Input Tax on Purchases of Capital Goods exceeding ₱1Million deferred for the succeeding period	15,594,680.41	13,878,120.81	13,878,120.81
Amortization of Input Tax on Capital Goods exceeding ₱1 Million	1,868,736.85	1,854,549.73	7,610,074.29
Add: Input Tax on -			
Domestic Purchases of Capital Goods not Exceeding ₱1 Million	720,852.71	361,582.78	2,150,003.24
Domestic Purchases of Goods Other than Capital Goods	174,007.79	156,006.75	854,118.51
Domestic Purchases of Services	1,496,905.22	3,133,349.65	19,054,074.74
Total Allowable Input Tax	**₱4,260,502.57**	**₱5,505,488.91**	**₱29,668,270.78**

Out of the reported excess input VAT for the four quarters of 2011 in the amount of ₱29,668,270.78, petitioner is claiming refund in the amount of ₱29,406,541.23 alleging that the same is attributable to its zero-rated sales of services for the same period.

We shall first determine petitioner's compliance with the fifth requisite, timeliness of the filing of the claim.

Under Section 112(A), the application for tax credit certificate/refund of unutilized excess input VAT must be filed within two years after the close of the taxable quarter when the zero rated or effectively zero-rated sales were made.

The present claim covers the four taxable quarters of 2011 which closed on March 31, 2011; June 30, 2011; September 30, 2011 and December 31, 2011. Counting two years from the said dates, petitioner had until March 31, 2013; June 30, 2013; September 30, 2013 and December 31, 2013, respectively, within which to file its administrative claim for tax credit certificate/refund. Thus, petitioner's administrative claim for refund was seasonably filed on March 27, 2013, as shown below:

CY 2011	Close of the Taxable Quarter	Last Day to File Administrative Claim	Date of Filing of Administrative Claim
1st Quarter	March 31, 2011	March 31, 2013	March 27, 2013[17]
2nd Quarter	June 30, 2011	June 30, 2013	
3rd Quarter	September 30, 2011	September 30, 2013	
4th Quarter	December 31, 2011	December 31, 2013	

As to the timeliness of petitioner's judicial appeal, Section 112(C) of the NIRC of 1997, as amended, provides that:

> "SEC. 112. *Refunds or Tax Credits of Input Tax.-*
>
> 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 the 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."a

[17] Petition for Review, Annex "H", Docket (Vol. 1), p. 75; Respondent's Pre-Trial Brief, Part II, Summary of Admitted Facts, par. 3, Docket (Vol. 1), p. 91.

Applying Section 112(C) of the NIRC of 1997, as amended, petitioner's judicial claims for the first, second, third and fourth quarters of 2011 were timely filed within the "120-30" day period, as shown below:

CY 2011	Date of Filing of Administrative Claim	End of 120 days for the BIR Commissioner to decide on the claim	End of 30 days from the expiration of the 120 days	Date of Filing of Judicial Claim
1st Quarter	March 27, 2013	July 25, 2013	August 24, 2013	August 23, 2013[18]
2nd Quarter				
3rd Quarter				
4th Quarter				

Clearly from the above, petitioner's judicial claims for the four quarters of taxable year 2011 were timely filed within the "120-30" day period required under Section 112(C) of the NIRC of 1997, as amended.

Anent the first requisite, petitioner alleges that its sales of services to its foreign affiliates who are all engaged in business conducted outside the Philippines, and which services were paid for in United States Dollars inwardly remitted to the Philippines and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP) qualify for VAT zero rating under Section 108(B)(2) of the NIRC of 1997, as amended, which states that:

> "**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:
>
> (1) Processing, manufacturing or repacking goods for other persons doing business outside the Philippines which goods are subsequently exported, where the services are paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);

[18] Docket (Vol. 1), p. 14.

> (2) Services other than those mentioned in the preceding paragraph rendered to a person engaged in business conducted outside the Philippines or to a nonresident person not engaged in business who is outside the Philippines when the services are performed, the consideration for which is paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);"

In the case of **Commissioner of Internal Revenue vs. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.**[19], the Supreme Court held that in order for the supply of services to be VAT zero-rated under Section 108(B)(2) of the NIRC of 1997, as amended, the following requisites must be met:

1. the services must be other than processing, manufacturing or repacking of goods;
2. the recipient of such services is doing business outside the Philippines; and
3. payment for such services must be in acceptable foreign currency accounted for in accordance with the BSP rules and regulations.

On the first requisite, it is undisputed that petitioner is a registered VAT taxpayer[20] with license issued by the Securities and Exchange Commission (SEC) to operate as a Regional Operating Headquarters (ROHQ) in the Philippines and to engage in general administration and planning; business planning and coordination; sourcing/procurement of raw materials and components; corporate finance advisory services; marketing control and sales promotion; training and personnel management; logistic services; research and development services and product development; technical support and maintenance; data processing and communication; and business development.[21] Such services are not the same category as "processing, manufacturing or repacking of goods".

As to the second requisite of proving that its clients for the subject period of claim are non-resident foreign corporations doing business outside the Philippines, petitioner presented Certifications of Non-Registration of Corporation/Partnership issued by the Republic of the

[19] G.R. No.153205, January 22, 2007.
[20] JSFI, Stipulation of Facts, par. 1.4, Docket (Vol. II), p. 713.
[21] Exhibit "P-12".

Philippines Securities and Exchange Commission (SEC), Service Agreements, Certificate/Articles of Incorporation and other documents, summarized as follows:

Exhibit	Documents
John Hancock Life Insurance	
"P-3"	Services Agreement
"P-4"	Addendum to the Service Agreement
"P-19"	Certification of Non-Registration of Company
"P-18"	Amended Articles of Redomestication (indicating the change of name of The Manufacturer's Life Insurance Company (USA) to John Hancock
	Articles of Redomestication of the Manufacturer's Life Insurance Company (USA)
Manulife (International) Ltd.	
"P-1"	Business Processing Services Agreement
"P-15"	Certification of Non-Registration of Company
"P-14"	Certificate of Incorporation
	Memorandum of Association
	First Schedule to the Companies
	Certificate of Deposit of Memorandum of Association and by Laws
"P-14-a"	Certificate of Registration of Change of Name of Overseas Company showing the change of name from Manulife (Bermuda) Limited to Manulife (International) Limited
Manulife Asset Management (Hong Kong) Limited	
"P-8"	Services Agreement
"P-24"	Certification of Non-Registration of Company
"P-23-a"	Business Registration Certificate
"P-23-b"	Assessment Demanding Final Tax / Notice for Payment of Provisional Tax
"P-23-c"	Notice of Refund of Tax
"P-23-d"	Articles of Association
"P-23-e"	Memorandum of Articles and Association (Hua Tse Enterprises Limited)
Manulife Asset Management (Malaysia) Sdn. Bhd.	
"P-9"	Master Administrative Services Agreement
"P-25"	Certification of Non-Registration of Company
Manulife Asset Management (Singapore) Pte. Ltd.	
"P-10"	Services Agreement
"P-27"	Certification of Non-Registration of Company
Manulife Insurance Berhad	
"P-6"	Service Agreement
"P-20"	Certification of Non-Registration of Company
Manulife Singapore Pte. Ltd.	
"P-7"	Master Services Agreement
"P-22"	Certification of Non-Registration of Company
"P-21-a"	Memorandum of Association
	Articles of Association
"P-21-b"	Certificate of Incorporation of Private Company
"P-21-c"	Certificate of Residence for the purpose of claiming VAT refund
PT Asuransi Jiwa Manulife Indonesia	
"P-29"	Certification of Non-Registration of Company

The Manufacturer's Life Insurance Company	
"P-5"	Master Administrative Services Agreement
"P-31"	Letters Patent
"P-31-a"	Patent of Amalgation
"P-31-b"	Certificate of Confirmation
"P-31-c"	Certificate of Good Standing

In relation to the third requisite, Sections 113(A)(2), (B)(1), (2)(c) and (3) of the NIRC of 1997, as amended, as implemented by Sections 4.113-1(A)(2), B(1) and (2)(c) of Revenue Regulations (RR) No. 16-05, as amended, provide that a VAT taxpayer, like herein petitioner, shall for every for every lease of goods or properties, and for every sale, barter or exchange of services, issue a VAT official receipt which must contain the following information:

> "**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;
>
> 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*)

> **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 invoices/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**:
>
> 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;" (*underlining supplied*)

Pursuant to the foregoing provisions, the foreign currency remittances referred to under Section 108(B)(2) of the NIRC of 1997, as amended, must likewise be supported by VAT zero-rated official receipts.

To prove that it rendered services to its foreign affiliates and was paid in US dollars duly accounted for in accordance with the rules and regulations of the BSP for the four quarters of CY 2011, petitioner presented VAT zero-rated official receipts[22], VAT zero-rated sales invoices[23], Schedule of Zero-Rated Sales[24], Summary of Bank Certifications of Inward Remittances for Payments Received from Foreign Clients[25] as well as bank statements[26] and bank credit advices[27] from Citibank, which were examined by the Court-commissioned Independent CPA firm, Constantino Guadalquiver & Co., through its Partner, Ms. Katherine O. Constantino. In her report dated February 28, 2014, Ms. Constantino noted the following findings:[28]

Findings	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
	In Philippine Pesos				
Properly Supported by Zero-Rated OR[29]					
The Manufacturer's Life Insurance Company	165,383,915.60	167,358,227.93	178,687,560.06	188,395,275.07	699,824,978.66
Manulife (International) Ltd.	23,274,875.95	24,714,955.33	25,100,064.72	21,585,679.24	94,675,575.24
Manulife Singapore Pte. Ltd.	8,903.04	7,446.83	-	82,078.13	98,428.00
Manulife Insurance Berhad	1,616,213.20	1,590,963.03	1,575,265.98	1,611,825.56	6,394,267.77
John Hancock Life Insurance	86,152,892.64	85,035,045.12	90,009,485.52	101,577,691.13	362,775,114.41
PT Asuransi Jiwa Manulife Indonesia	-	452,509.02	-	-	452,509.02
Manulife Asset Management (Singapore) Pte. Ltd.	-	432,597.12	640,250.00	655,109.25	1,727,956.37
Manulife Asset Management (Malaysia) Sdn. Bhd.	-	169,408.45	167,745.50	171,638.62	508,792.57
Manulife Asset Management (Hong Kong) Limited	-	1,571,231.02	1,042,105.51	1,591,915.48	4,205,252.01
Subtotal	**276,436,800.43**	**281,332,383.85**	**297,222,477.29**	**315,671,212.48**	**1,170,662,874.05**
Supported by Zero-Rated OR issued in the name of the Customer's Department[30]					
The Manufacturer's Life Insurance Company	21,930,273.75	23,097,686.47	21,891,758.32	25,002,388.97	91,922,107.51
John Hancock Life Insurance	5,114,880.90	6,463,475.83	2,878,530.24	3,912,885.74	18,369,772.71
Subtotal	**27,045,154.65**	**29,561,162.30**	**24,770,288.56**	**28,915,274.71**	**110,291,880.22**

[22] Exhibits P-966 to P-2133.
[23] Exhibits P-966a to P-2133a.
[24] Exhibits "P-45", "P-47", "P-49" and "P-51".
[25] Exhibits "P-46", "P-48", "P-50" and "P-52".
[26] Exhibits P-2134 to P-2143; P-2279 to P-2283, P-2328 to P-2329.
[27] Exhibits P-2144 to P-2182.
[28] Exhibit P-65.
[29] Exhibit P-65, Annexes 5, 6, 7 and 8.
[30] Exhibit P-65, Annexes 9, 10, 11 and 12.

Zero-Rated Sales amounts not tie-up per Official Receipt[31]					
The Manufacturer's Life Insurance Company	14,631,601.43	7,204,088.49	8,556,910.15	13,058,473.22	43,451,073.29
John Hancock Life Insurance	7,018,269.31	5,553,762.67	243,411.38	4,364,968.62	17,180,411.98
Manulife Asset Management (Hong Kong) Limited	-	-	579,418.23	-	579,418.23
Manulife (International) Ltd.	-	-	-	4,489,769.67	4,489,769.67
Subtotal	**21,649,870.74**	**12,757,851.16**	**9,379,739.76**	**21,913,211.51**	**65,700,673.17**
Zero-Rated Sales without supporting documents[32]					
Manulife Asset Management (Singapore) Pte. Ltd.	-	-	-	(50,565.67)	(50,565.67)
Manulife Asset Management (Malaysia) Sdn. Bhd.	-	-	-	(19,513.19)	(19,513.19)
Subtotal				**(70,078.86)**	**(70,078.86)**
Total	**325,131,825.82**	**323,651,397.31**	**331,372,505.61**	**366,429,619.84**	**1,346,585,348.58**
Per Quarterly VAT Returns	**325,131,825.82**	**322,609,555.60**	**331,372,504.80**	**366,429,620.13**	**1,345,543,506.35**
Difference	**-**	**1,041,841.71**	**0.81**[33]	**(0.29)**[34]	**1,041,842.23**

As found by the ICPA, the difference in the amount of ₱1,041,842.23 between petitioner's zero-rated sales/receipts as reported in its Quarterly VAT Return for the second quarter of 2011 *vis-à-vis* the zero-rated sales reflected in its Schedule of Zero-Rated Sales for the same quarter pertains to two (2) VATable transactions which were erroneously included also in the Schedule of Zero-Rated Sales. The details are as follows:

Exhibit	**Customer**	**O.R. No.**	**Transaction Currency**	**Local Currency**	**Output Tax**
P-2318	The Manufacturer's Life Insurance Company (Phils.) Inc.	2547	$ 6,803.57	₱ 295,079.90	₱ 35,409.59
P-2319	The Manufacturer's Life Insurance Company (Phils.) Inc.	2543	17,217.86	746,761.55	89,611.39
Total			**$ 24,021.43**	**₱1,041,841.45**	**₱ 125,020.98**

[31] Exhibit P-65, Annexes 13, 14, 15 and 16.
[32] Exhibit P-65, Annex 17.
[33] Difference is due to rounding-off.
[34] Difference is due to rounding-off.

The ICPA was able to verify that the above VATable sales were included in the Schedule[35] of VATable Sales and were reported as VATable sales in the 2011 VAT returns[36]. In other words, in determining petitioner's valid zero-rated receipts for CY 2011, the amount of ₱1,041,841.71 shall be excluded and the amount of ₱1,345,543,506.35 declared by petitioner in its 2011 Quarterly VAT Returns shall be used as reference point.

This Court has consistently held that in order to be considered as non-resident foreign corporation doing business outside the Philippines, each entity must be supported, at the very least, by **both** SEC certificate of non-registration of company **and** proof of incorporation or registration in a foreign country. Thus, only the following client-affiliates of petitioner shall be considered as non-resident foreign corporations doing business outside the Philippines, namely:

1. John Hancock Life Insurance
2. Manulife (International) Ltd.
3. Manulife Asset Management (Hong Kong) Limited
4. Manulife Singapore Pte. Ltd.

Consequently, only the following gross receipts in the total amount of ₱502,373,742.26 derived by petitioner from services rendered to the aforementioned entities shall be considered for VAT zero-rating pursuant to Section 108(B)(2) of the NIRC of 1997, as amended:

Exhibit	Customer	OR No.	OR Date	Amount in US$	Amount in PhP
First Quarter of CY 2011					
P-1211	Manulife (International) Ltd.	2075	2/28/2011	48,277.34	2,133,665.32
P-1212	Manulife (International) Ltd.	2076	2/28/2011	88,717.54	3,920,960.56
P-1213	Manulife (International) Ltd.	2077	2/28/2011	35,335.77	1,561,699.87
P-1214	Manulife (International) Ltd.	2164	3/31/2011	45,124.60	1,970,670.14
P-1215	Manulife (International) Ltd.	2165	3/31/2011	92,755.83	4,050,809.61
P-1216	Manulife (International) Ltd.	2166	3/31/2011	35,756.58	1,561,552.40
P-1217	Manulife (International) Ltd.	2255	4/29/2011	46,655.57	2,029,703.92
P-1218	Manulife (International) Ltd.	2256	4/29/2011	99,306.40	4,320,225.67
P-1219	Manulife (International) Ltd.	2257	4/29/2011	39,665.05	1,725,588.47
			subtotal	**531,594.68**	**23,274,875.96**
P-1106	Manulife Singapore Pte. Ltd.	2081	2/28/2011	22.39	989.35

[35] Exhibit P-2183.
[36] Exhibit P-65, Findings and Observations No. 4, p. 7.

P-1107	Manulife Singapore Pte. Ltd.	2170	3/31/2011	76.98	3,362.04
P-1108	Manulife Singapore Pte. Ltd.	2261	4/29/2011	104.63	4,551.65
			subtotal	**204.00**	**8,903.04**
P-1112	John Hancock Life Insurance	2106	2/28/2011	14,169.06	626,215.78
P-1113	John Hancock Life Insurance	2107	2/28/2011	14,338.75	633,715.40
P-1114	John Hancock Life Insurance	2108	2/28/2011	5,054.71	223,397.96
P-1115	John Hancock Life Insurance	2109	2/28/2011	2,641.70	116,752.57
P-1116	John Hancock Life Insurance	2117	2/28/2011	15,536.24	686,639.66
P-1117	John Hancock Life Insurance	2118	2/28/2011	49,412.23	2,183,822.92
P-1118	John Hancock Life Insurance	2119	2/28/2011	46,016.64	2,033,751.42
P-1119	John Hancock Life Insurance	2122	2/28/2011	5,286.83	233,656.74
P-1120	John Hancock Life Insurance	2123	2/28/2011	5,283.40	233,505.15
P-1121	John Hancock Life Insurance	2124	2/28/2011	25,957.31	1,147,209.27
P-1122	John Hancock Life Insurance	2125	2/28/2011	145,593.89	6,434,667.56
	John Hancock Life Insurance	2125	2/28/2011	69,714.38	3,081,096.74
	John Hancock Life Insurance	2125	2/28/2011	15,619.98	690,340.64
	John Hancock Life Insurance	2125	2/28/2011	14,458.39	639,003.00
	John Hancock Life Insurance	2125	2/28/2011	5,666.66	250,443.71
	John Hancock Life Insurance	2125	2/28/2011	3,909.81	172,797.96
	John Hancock Life Insurance	2125	2/28/2011	(2,183.33)	(96,494.45)
P-1123	John Hancock Life Insurance	2126	2/28/2011	16,812.43	743,042.16
P-1124	John Hancock Life Insurance	2127	2/28/2011	2,401.54	106,138.46
P-1125	John Hancock Life Insurance	2128	2/28/2011	19,285.33	852,334.44
P-1126	John Hancock Life Insurance	2130	2/28/2011	32,807.41	1,449,956.29
P-1127	John Hancock Life Insurance	2129	2/28/2011	13,217.51	584,161.07
P-1128	John Hancock Life Insurance	2131	2/28/2011	12,089.21	534,294.73
P-1129	John Hancock Life Insurance	2132	2/28/2011	8,885.70	392,712.40
P-1130	John Hancock Life Insurance	2133	2/28/2011	19,594.28	865,988.80
P-1131	John Hancock Life Insurance	2152	2/28/2011	12,968.28	573,146.10
P-1132	John Hancock Life Insurance	2139	2/28/2011	5,891.58	260,384.27
P-1133	John Hancock Life Insurance	2140	2/28/2011	5,923.80	261,808.26
P-1134	John Hancock Life Insurance	2144	2/28/2011	16,999.98	751,331.12
	John Hancock Life Insurance	2144	2/28/2011	30.75	1,359.03
P-1135	John Hancock Life Insurance	2157	2/28/2011	15,579.92	688,570.14
P-1136	John Hancock Life Insurance	2196	3/31/2011	15,237.11	665,431.26
P-1137	John Hancock Life Insurance	2197	3/31/2011	13,802.56	602,781.95
P-1138	John Hancock Life Insurance	2198	3/31/2011	5,054.53	220,740.17
P-1139	John Hancock Life Insurance	2199	3/31/2011	2,641.70	115,367.66
P-1140	John Hancock Life Insurance	2207	3/31/2011	14,853.28	648,668.73
P-1141	John Hancock Life Insurance	747	3/31/2011	45,986.76	2,008,322.29
P-1142	John Hancock Life Insurance	2208	3/31/2011	57,606.21	2,515,764.00
P-1143	John Hancock Life Insurance	2211	3/31/2011	5,215.58	227,773.51
P-1144	John Hancock Life Insurance	2212	3/31/2011	5,283.40	230,735.32
P-1145	John Hancock Life Insurance	2213	3/31/2011	25,699.67	1,122,349.56
P-1146	John Hancock Life Insurance	2214	3/31/2011	146,447.82	6,395,632.58
	John Hancock Life Insurance	2214	3/31/2011	71,597.77	3,126,799.91

	John Hancock Life Insurance	2214	3/31/2011	16,040.25	700,505.79
	John Hancock Life Insurance	2214	3/31/2011	14,392.31	628,537.36
	John Hancock Life Insurance	2214	3/31/2011	5,666.66	247,472.96
	John Hancock Life Insurance	2214	3/31/2011	3,834.81	167,472.86
	John Hancock Life Insurance	2214	3/31/2011	(2,183.33)	(95,349.84)
P-1147	John Hancock Life Insurance	2215	3/31/2011	16,810.78	734,156.18
P-1148	John Hancock Life Insurance	2216	3/31/2011	2,401.81	104,891.25
P-1149	John Hancock Life Insurance	2217	3/31/2011	17,079.65	745,898.20
P-1150	John Hancock Life Insurance	2218	3/31/2011	12,582.45	549,497.61
P-1151	John Hancock Life Insurance	2219	3/31/2011	33,018.84	1,441,990.53
P-1152	John Hancock Life Insurance	2220	3/31/2011	16,389.53	715,759.46
P-1153	John Hancock Life Insurance	2221	3/31/2011	8,885.70	388,054.07
P-1154	John Hancock Life Insurance	2222	3/31/2011	18,580.34	811,435.96
P-1155	John Hancock Life Insurance	2241	3/31/2011	12,968.28	566,347.48
P-1156	John Hancock Life Insurance	2228	3/31/2011	5,203.34	227,238.96
P-1157	John Hancock Life Insurance	2229	3/31/2011	5,923.80	258,702.71
P-1158	John Hancock Life Insurance	2233	3/31/2011	16,999.98	742,418.88
	John Hancock Life Insurance	2233	3/31/2011	1,617.67	70,646.48
P-1159	John Hancock Life Insurance	2246	3/31/2011	21,007.74	917,444.77
P-1160	John Hancock Life Insurance	2287	4/29/2011	15,609.98	679,096.57
P-1161	John Hancock Life Insurance	2288	4/29/2011	13,370.34	581,663.27
P-1162	John Hancock Life Insurance	2289	4/29/2011	5,054.72	219,900.54
P-1163	John Hancock Life Insurance	2290	4/29/2011	2,641.70	114,924.52
P-1164	John Hancock Life Insurance	2298	4/29/2011	14,858.59	646,408.10
P-1165	John Hancock Life Insurance	2299	4/29/2011	47,858.25	2,082,025.31
P-1166	John Hancock Life Insurance	2300	4/29/2011	58,314.74	2,536,924.45
P-1167	John Hancock Life Insurance	2303	4/29/2011	5,433.08	236,360.71
P-1168	John Hancock Life Insurance	2304	4/29/2011	5,291.66	230,208.38
P-1169	John Hancock Life Insurance	2305	4/29/2011	27,514.85	1,197,006.03
	John Hancock Life Insurance	2306	4/29/2011	143,719.76	6,252,384.44
	John Hancock Life Insurance	2306	4/29/2011	69,577.80	3,026,912.61
	John Hancock Life Insurance	2306	4/29/2011	16,666.74	725,069.86
P-1170	John Hancock Life Insurance	2306	4/29/2011	14,537.11	632,422.43
	John Hancock Life Insurance	2306	4/29/2011	5,666.66	246,522.38
	John Hancock Life Insurance	2306	4/29/2011	3,962.31	172,376.33
	John Hancock Life Insurance	2306	4/29/2011	(2,183.33)	(94,983.59)
P-1171	John Hancock Life Insurance	2307	4/29/2011	16,706.37	726,793.92
P-1172	John Hancock Life Insurance	2308	4/29/2011	2,401.54	104,476.60
P-1173	John Hancock Life Insurance	2309	4/29/2011	24,083.20	1,047,715.53
P-1174	John Hancock Life Insurance	2311	4/29/2011	33,965.86	1,477,650.77
P-1175	John Hancock Life Insurance	2310	4/29/2011	13,208.47	574,621.28
P-1176	John Hancock Life Insurance	2312	4/29/2011	14,118.63	614,216.88
P-1177	John Hancock Life Insurance	2313	4/29/2011	8,885.70	386,563.49
P-1178	John Hancock Life Insurance	2314	4/29/2011	16,810.78	731,336.17
P-1179	John Hancock Life Insurance	2333	4/29/2011	12,968.28	564,172.05
P-1180	John Hancock Life Insurance	2320	4/29/2011	5,873.33	255,513.35
P-1181	John Hancock Life Insurance	2321	4/29/2011	5,923.80	257,709.00

P-1182	John Hancock Life Insurance	2325	4/29/2011	14,166.65	616,305.94
	John Hancock Life Insurance	2325	4/29/2011	27.69	1,204.63
P-1183	John Hancock Life Insurance	2338	4/29/2011	15,028.55	653,802.04
P-1220	John Hancock Life Insurance	2120	2/28/2011	19,562.57	864,587.34
P-1221	John Hancock Life Insurance	2121	2/28/2011	17,211.65	760,686.08
P-1222	John Hancock Life Insurance	2145	2/28/2011	2,500.00	110,490.00
P-1223	John Hancock Life Insurance	2209	3/31/2011	19,348.76	844,994.21
P-1224	John Hancock Life Insurance	2210	3/31/2011	15,856.19	692,467.57
P-1225	John Hancock Life Insurance	2234	3/31/2011	2,500.00	109,179.38
P-1226	John Hancock Life Insurance	2301	4/29/2011	18,281.55	795,320.55
P-1227	John Hancock Life Insurance	2302	4/29/2011	19,041.83	828,395.77
P-1228	John Hancock Life Insurance	2326	4/29/2011	2,500.00	108,760.00
P-1229	John Hancock Life Insurance	2163	2/28/2011	79,890.07	3,530,821.53
P-1230	John Hancock Life Insurance	2254	3/31/2011	79,855.92	3,487,447.77
P-1231	John Hancock Life Insurance	2347	4/29/2011	80,368.71	3,496,350.73
			subtotal	**2,244,592.43**	**98,286,042.83**
Total – First Quarter of CY 2011				**2,776,391.11**	**121,569,821.83**
Second Quarter of CY 2011					
P-1504	Manulife (International) Ltd.	2348	5/30/2011	45,479.04	1,946,502.87
P-1505	Manulife (International) Ltd.	2349	5/30/2011	106,126.36	4,542,208.41
P-1506	Manulife (International) Ltd.	2350	5/30/2011	41,140.63	1,760,818.86
P-1507	Manulife (International) Ltd.	2445	6/30/2011	49,576.81	2,139,144.81
P-1508	Manulife (International) Ltd.	2446	6/30/2011	98,118.26	4,233,615.41
P-1509	Manulife (International) Ltd.	2447	6/30/2011	40,514.73	1,748,133.37
P-1510	Manulife (International) Ltd.	2549	7/29/2011	49,453.12	2,144,847.66
P-1511	Manulife (International) Ltd.	2550	7/29/2011	101,993.63	4,423,599.66
P-1512	Manulife (International) Ltd.	2551	7/29/2011	40,950.65	1,776,084.27
			subtotal	**573,353.23**	**24,714,955.32**
P-1385	Manulife Singapore Pte Ltd	2354	5/30/2011	173.99	7,446.83
			subtotal	**173.99**	**7,446.83**
P-1394	Manulife Asset Management (Hong Kong) Limited	2417	5/30/2011	12,150.00	520,020.00
P-1395	Manulife Asset Management (Hong Kong) Limited	2512	6/30/2011	12,150.00	524,249.31
P-1396	Manulife Asset Management (Hong Kong) Limited	2617	7/29/2011	12,150.00	526,961.70
			subtotal	**36,450.00**	**1,571,231.01**
P-1397	John Hancock Life Insurance	2381	5/30/2011	15,609.98	668,107.14
P-1398	John Hancock Life Insurance	2382	5/30/2011	12,968.34	555,044.95
P-1399	John Hancock Life Insurance	2383	5/30/2011	5,054.67	216,339.88
P-1400	John Hancock Life Insurance	2384	5/30/2011	2,641.70	113,064.76
P-1401	John Hancock Life Insurance	2392	5/30/2011	16,092.78	688,770.98
P-1402	John Hancock Life Insurance	2394	5/30/2011	56,102.54	2,401,188.71

P-1403	John Hancock Life Insurance	2397	5/30/2011	4,968.08	212,633.82
P-1404	John Hancock Life Insurance	2398	5/30/2011	5,283.40	226,129.52
P-1405	John Hancock Life Insurance	2399	5/30/2011	25,699.03	1,099,918.48
P-1406	John Hancock Life Insurance	2400	5/30/2011	140,831.88	6,027,604.46
	John Hancock Life Insurance	2400	5/30/2011	68,896.05	2,948,750.94
	John Hancock Life Insurance	2400	5/30/2011	17,241.02	737,915.66
	John Hancock Life Insurance	2400	5/30/2011	14,533.11	622,017.11
	John Hancock Life Insurance	2400	5/30/2011	5,666.66	242,533.05
	John Hancock Life Insurance	2400	5/30/2011	3,617.31	154,820.87
	John Hancock Life Insurance	2400	5/30/2011	(2,183.33)	(93,446.52)
P-1407	John Hancock Life Insurance	2401	5/30/2011	16,812.29	719,566.01
P-1408	John Hancock Life Insurance	2402	5/30/2011	2,401.54	102,785.91
P-1409	John Hancock Life Insurance	2403	5/30/2011	23,844.87	1,020,560.44
P-1410	John Hancock Life Insurance	2404	5/30/2011	13,214.50	565,580.60
P-1411	John Hancock Life Insurance	2405	5/30/2011	31,895.39	1,365,122.69
P-1412	John Hancock Life Insurance	2406	5/30/2011	15,003.65	642,156.22
P-1413	John Hancock Life Insurance	2407	5/30/2011	8,885.70	380,307.96
P-1414	John Hancock Life Insurance	2408	5/30/2011	16,810.78	719,501.38
P-1415	John Hancock Life Insurance	2431	5/30/2011	12,968.28	555,042.38
P-1416	John Hancock Life Insurance	2414	5/30/2011	8,420.83	360,411.52
P-1417	John Hancock Life Insurance	2415	5/30/2011	5,923.80	253,538.64
P-1418	John Hancock Life Insurance	2422	5/30/2011	16,666.65	713,332.62
	John Hancock Life Insurance	2422	5/30/2011	27.62	1,182.14
P-1419	John Hancock Life Insurance	2436	5/30/2011	15,696.74	671,820.47
P-1420	John Hancock Life Insurance	2476	6/30/2011	16,501.98	712,028.93
P-1421	John Hancock Life Insurance	2477	6/30/2011	13,663.74	589,564.30
P-1422	John Hancock Life Insurance	2478	6/30/2011	3,722.39	160,614.02
P-1423	John Hancock Life Insurance	2479	6/30/2011	3,081.98	132,981.55
P-1424	John Hancock Life Insurance	2487	6/30/2011	16,105.90	694,938.84
P-1425	John Hancock Life Insurance	2488	6/30/2011	54,614.18	2,356,497.60
P-1426	John Hancock Life Insurance	2489	6/30/2011	55,943.15	2,413,840.12
P-1427	John Hancock Life Insurance	2492	6/30/2011	4,803.08	207,243.73
P-1428	John Hancock Life Insurance	2493	6/30/2011	5,283.40	227,968.62
P-1429	John Hancock Life Insurance	2494	6/30/2011	24,839.86	1,071,792.54
P-1430	John Hancock Life Insurance	2495	6/30/2011	141,672.40	6,112,893.59
	John Hancock Life Insurance	2495	6/30/2011	72,053.17	3,108,956.73
	John Hancock Life Insurance	2495	6/30/2011	17,755.64	766,121.97
	John Hancock Life Insurance	2495	6/30/2011	14,289.19	616,551.27
	John Hancock Life Insurance	2495	6/30/2011	5,666.66	244,505.56
	John Hancock Life Insurance	2495	6/30/2011	3,602.31	155,432.80
	John Hancock Life Insurance	2495	6/30/2011	(2,183.33)	(94,206.52)
P-1431	John Hancock Life Insurance	2496	6/30/2011	16,467.70	710,549.82
P-1432	John Hancock Life Insurance	2497	6/30/2011	2,401.54	103,621.87
P-1433	John Hancock Life Insurance	2498	6/30/2011	17, 411.19	751,259.61
P-1434	John Hancock Life Insurance	2500	6/30/2011	32,603.11	1,406,761.95
P-1435	John Hancock Life Insurance	2499	6/30/2011	15,031.48	648,579.67
P-1436	John Hancock Life Insurance	2501	6/30/2011	14,218.59	613,505.01

P-1437	John Hancock Life Insurance	2502	6/30/2011	8,885.70	383,400.99
P-1438	John Hancock Life Insurance	2503	6/30/2011	13,482.89	581,760.96
P-1439	John Hancock Life Insurance	2529	6/30/2011	12,831.05	553,635.31
P-1440	John Hancock Life Insurance	2509	6/30/2011	10,806.93	466,298.40
P-1441	John Hancock Life Insurance	2510	6/30/2011	5,923.80	255,600.66
P-1442	John Hancock Life Insurance	2517	6/30/2011	15,333.33	661,603.92
	John Hancock Life Insurance	2517	6/30/2011	1,677.87	72,396.89
P-1443	John Hancock Life Insurance	2532	6/30/2011	19,527.53	842,575.64
P-1444	John Hancock Life Insurance	2580	7/29/2011	12,924.63	560,558.44
P-1445	John Hancock Life Insurance	2581	7/29/2011	14,529.34	630,156.85
P-1446	John Hancock Life Insurance	2582	7/29/2011	3,722.39	161,445.02
P-1447	John Hancock Life Insurance	2583	7/29/2011	4,028.63	174,727.05
P-1448	John Hancock Life Insurance	2592	7/29/2011	16,053.87	696,277.75
P-1449	John Hancock Life Insurance	2593	7/29/2011	54,537.45	2,365,361.92
P-1450	John Hancock Life Insurance	2594	7/29/2011	57,425.93	2,490,639.15
P-1451	John Hancock Life Insurance	2595	7/29/2011	18,427.80	799,238.26
P-1452	John Hancock Life Insurance	2596	7/29/2011	16,552.36	717,897.92
P-1453	John Hancock Life Insurance	2597	7/29/2011	4,803.08	208,315.98
P-1454	John Hancock Life Insurance	2598	7/29/2011	5,299.92	229,864.60
P-1455	John Hancock Life Insurance	2599	7/29/2011	24,589.93	1,066,498.05
P-1456	John Hancock Life Insurance	2600	7/29/2011	141,673.97	6,144,588.98
	John Hancock Life Insurance	2600	7/29/2011	72,867.92	3,160,378.85
	John Hancock Life Insurance	2600	7/29/2011	17,241.02	747,766.03
	John Hancock Life Insurance	2600	7/29/2011	14,725.83	638,678.88
	John Hancock Life Insurance	2600	7/29/2011	5,666.66	245,770.60
	John Hancock Life Insurance	2600	7/29/2011	3,602.31	156,236.99
	John Hancock Life Insurance	2600	7/29/2011	(2,183.33)	(94,693.93)
P-1457	John Hancock Life Insurance	2601	7/29/2011	15,610.01	677,026.95
P-1458	John Hancock Life Insurance	2602	7/29/2011	2,401.54	104,157.99
P-1459	John Hancock Life Insurance	2603	7/29/2011	17,049.88	739,476.03
P-1460	John Hancock Life Insurance	2604	7/29/2011	12,608.09	546,829.67
P-1461	John Hancock Life Insurance	2605	7/29/2011	33,874.27	1,469,172.26
P-1462	John Hancock Life Insurance	2606	7/29/2011	13,766.39	597,066.69
P-1463	John Hancock Life Insurance	2607	7/29/2011	8,885.70	385,384.66
P-1464	John Hancock Life Insurance	2608	7/29/2011	13,950.73	605,061.76
P-1465	John Hancock Life Insurance	2635	7/29/2011	14,540.19	630,627.43
P-1466	John Hancock Life Insurance	2614	7/29/2011	10,806.93	468,710.96
P-1467	John Hancock Life Insurance	2615	7/29/2011	5,923.80	256,923.10
P-1468	John Hancock Life Insurance	2622	7/29/2011	15,333.33	665,026.97
	John Hancock Life Insurance	2622	7/29/2011	27.80	1,205.72
P-1469	John Hancock Life Insurance	2638	7/29/2011	17,790.72	771,607.25
P-1470	John Hancock Life Insurance	2540	6/30/2011	78,989.06	3,408,227.14
P-1471	John Hancock Life Insurance	2588	7/29/2011	4,317.46	187,254.00
P-1513	John Hancock Life Insurance	2395	5/30/2011	18,562.80	794,487.84
P-1514	John Hancock Life Insurance	2396	5/30/2011	16,351.90	699,861.32
P-1515	John Hancock Life Insurance	2490	6/30/2011	18,286.05	789,008.15
P-1516	John Hancock Life Insurance	2491	6/30/2011	16,566.98	714,833.56

P-1517	John Hancock Life Insurance	2644	7/29/2011	79,898.05	3,465,284.96
P-1520	John Hancock Life Insurance	2393	5/30/2011	46,689.27	1,998,300.76
P-1521	John Hancock Life Insurance	2444	5/30/2011	83,071.54	3,555,461.91
			subtotal	**2,251,406.47**	**97,052,283.61**
Total – Second Quarter of CY 2011				**2,861,383.69**	**123,345,916.77**
Third Quarter of CY 2011					
P-1689	Manulife Asset Management (Hong Kong) Limited	2650	8/31/2011	12,150.00	512,001.00
P-1690	Manulife Asset Management (Hong Kong) Limited	2852	10/30/2011	12,150.00	530,104.50
P-1815	Manulife Asset Management (Hong Kong) Limited	2749	9/30/2011	13,704.31	579,418.23
			subtotal	**38,004.31**	**1,621,523.73**
P-1691	Manulife (International) Ltd.	2645	8/31/2011	48,383.73	2,038,890.56
P-1692	Manulife (International) Ltd.	2645	8/31/2011	41,006.95	1,728,033.81
P-1693	Manulife (International) Ltd.	2647	8/31/2011	102,671.46	4,326,575.27
P-1798	Manulife (International) Ltd.	2744	9/30/2001	46,645.85	1,972,186.58
P-1799	Manulife (International) Ltd.	2745	9/30/2001	41,109.71	1,738,118.67
P-1800	Manulife (International) Ltd.	2746	9/30/2001	107,306.02	4,536,898.63
P-1801	Manulife (International) Ltd.	2847	10/30/2011	47,212.98	2,059,902.48
P-1802	Manulife (International) Ltd.	2848	10/30/2011	45,007.46	1,963,675.66
P-1803	Manulife (International) Ltd.	2849	10/30/2011	108,544.19	4,735,783.06
			subtotal	**587,888.35**	**25,100,064.72**
P-1694	John Hancock Life Insurance	2715	8/31/2011	15,970.21	672,984.65
P-1695	John Hancock Life Insurance	2716	8/31/2011	14,949.62	629,976.99
P-1696	John Hancock Life Insurance	2717	8/31/2011	4,736.16	199,581.78
P-1697	John Hancock Life Insurance	2718	8/31/2011	3,962.55	166,981.86
P-1698	John Hancock Life Insurance	2719	8/31/2011	2,833.33	119,396.53
P-1699	John Hancock Life Insurance	2720	8/31/2011	17,060.95	718,948.43
P-1700	John Hancock Life Insurance	2721	8/31/2011	53,320.82	2,246,939.35
P-1701	John Hancock Life Insurance	2722	8/31/2011	54,184.62	2,283,339.89
P-1702	John Hancock Life Insurance	2725	8/31/2011	4,968.08	209,354.89
P-1703	John Hancock Life Insurance	2726	8/31/2011	5,945.21	250,531.15
P-1704	John Hancock Life Insurance	2727	8/31/2011	25,514.34	1,075,174.29
P-1705	John Hancock Life Insurance	2728	8/31/2011	140,321.14	5,913,132.84
	John Hancock Life Insurance	2728	8/31/2011	65,932.68	2,778,403.14
	John Hancock Life Insurance	2728	8/31/2011	13,158.40	554,494.98
	John Hancock Life Insurance	2728	8/31/2011	14,469.13	609,729.14
	John Hancock Life Insurance	2728	8/31/2011	5,666.66	238,793.05
	John Hancock Life Insurance	2728	8/31/2011	3,602.31	151,801.34
	John Hancock Life Insurance	2728	8/31/2011	(2,183.33)	(92,005.53)
P-1706	John Hancock Life Insurance	2730	8/31/2011	2,401.54	101,200.90
P-1707	John Hancock Life Insurance	2731	8/31/2011	24,528.11	1,033,614.56
P-1708	John Hancock Life Insurance	2732	8/31/2011	14,780.11	622,833.84

P-1709	John Hancock Life Insurance	2733	8/31/2011	31,039.90	1,308,021.39
P-1710	John Hancock Life Insurance	2734	8/31/2011	13,918.12	586,509.58
P-1711	John Hancock Life Insurance	2735	8/31/2011	8,885.70	374,443.40
P-1712	John Hancock Life Insurance	2736	8/31/2011	13,940.90	587,469.53
P-1713	John Hancock Life Insurance	2738	8/31/2011	5,923.80	249,628.93
P-1714	John Hancock Life Insurance	2739	8/31/2011	15,999.99	674,239.58
	John Hancock Life Insurance	2739	8/31/2011	27.79	1,171.07
P-1715	John Hancock Life Insurance	2740	8/31/2011	13,688.74	576,843.50
P-1716	John Hancock Life Insurance	2741	9/30/2011	17,988.18	758,021.91
P-1717	John Hancock Life Insurance	2817	9/30/2011	15,609.98	659,989.95
P-1718	John Hancock Life Insurance	2818	9/30/2011	14,289.19	604,146.95
P-1719	John Hancock Life Insurance	2819	9/30/2011	6,255.87	264,498.31
P-1720	John Hancock Life Insurance	2820	9/30/2011	3,962.55	167,536.61
P-1721	John Hancock Life Insurance	2822	9/30/2011	17,050.94	720,913.74
P-1722	John Hancock Life Insurance	2823	9/30/2011	54,765.05	2,315,466.50
P-1723	John Hancock Life Insurance	2824	9/30/2011	54,861.07	2,319,526.10
P-1724	John Hancock Life Insurance	2827	9/30/2011	4,863.08	205,611.02
P-1725	John Hancock Life Insurance	2828	9/30/2011	6,317.11	267,087.36
P-1726	John Hancock Life Insurance	2829	9/30/2011	25,897.60	1,094,950.66
P-1727	John Hancock Life Insurance	2830	9/30/2011	139,094.40	5,880,911.20
	John Hancock Life Insurance	2830	9/30/2011	68,075.97	2,878,252.05
	John Hancock Life Insurance	2830	9/30/2011	14,839.48	627,413.21
	John Hancock Life Insurance	2830	9/30/2011	14,289.19	604,146.95
	John Hancock Life Insurance	2830	9/30/2011	5,666.66	239,586.38
	John Hancock Life Insurance	2830	9/30/2011	2,401.54	101,537.11
	John Hancock Life Insurance	2830	9/30/2011	(2,183.33)	(92,311.33)
P-1728	John Hancock Life Insurance	2831	9/30/2011	16,810.78	710,759.78
P-1729	John Hancock Life Insurance	2832	9/30/2011	2,401.54	101,537.11
P-1730	John Hancock Life Insurance	2833	9/30/2011	30,621.28	1,294,667.56
P-1731	John Hancock Life Insurance	2834	9/30/2011	15,617.98	660,328.28
P-1732	John Hancock Life Insurance	2835	9/30/2011	20,413.09	863,065.45
P-1733	John Hancock Life Insurance	2836	9/30/2011	27,898.84	1,179,562.95
P-1734	John Hancock Life Insurance	2837	9/30/2011	8,885.70	375,687.40
P-1735	John Hancock Life Insurance	2838	9/30/2011	26,364.73	1,114,700.89
P-1736	John Hancock Life Insurance	2839	9/30/2011	13,250.20	560,218.42
P-1737	John Hancock Life Insurance	2840	9/30/2011	9,606.16	406,148.44
P-1738	John Hancock Life Insurance	2841	9/30/2011	5,923.80	250,458.26
P-1739	John Hancock Life Insurance	2842	9/30/2011	15,333.33	648,293.19
	John Hancock Life Insurance	2842	9/30/2011	28.14	1,189.76
P-1740	John Hancock Life Insurance	2843	9/30/2011	12,968.28	548,298.88
P-1741	John Hancock Life Insurance	2844	9/30/2011	20,074.72	848,759.21
P-1742	John Hancock Life Insurance	2918	10/30/2011	15,609.98	681,063.43
P-1743	John Hancock Life Insurance	2919	10/30/2011	14,289.19	623,437.36
P-1744	John Hancock Life Insurance	2920	10/30/2011	8,876.36	387,275.68
P-1745	John Hancock Life Insurance	2921	10/30/2011	7,148.20	311,875.98
P-1746	John Hancock Life Insurance	2923	10/30/2011	16,784.10	732,290.37
P-1747	John Hancock Life Insurance	2924	10/30/2011	51,517.23	2,247,696.64

P-1748	John Hancock Life Insurance	2925	10/30/2011	55,394.17	2,416,847.48
P-1749	John Hancock Life Insurance	2926	10/30/2011	18,018.98	786,167.91
P-1750	John Hancock Life Insurance	2927	10/30/2011	16,368.84	714,172.33
P-1751	John Hancock Life Insurance	2928	10/30/2011	5,103.08	222,647.38
P-1752	John Hancock Life Insurance	2929	10/30/2011	5,409.20	236,003.19
P-1753	John Hancock Life Insurance	2931	10/30/2011	136,125.87	5,939,171.69
	John Hancock Life Insurance	2931	10/30/2011	71,245.59	3,108,445.10
	John Hancock Life Insurance	2931	10/30/2011	14,689.42	640,899.39
	John Hancock Life Insurance	2931	10/30/2011	14,289.19	623,437.36
	John Hancock Life Insurance	2931	10/30/2011	5,666.66	247,236.38
	John Hancock Life Insurance	2931	10/30/2011	3,111.09	135,736.68
	John Hancock Life Insurance	2931	10/30/2011	(2,183.33)	(95,258.83)
P-1754	John Hancock Life Insurance	2932	10/30/2011	16,467.70	718,485.88
P-1755	John Hancock Life Insurance	2933	10/30/2011	2,401.54	104,779.19
P-1756	John Hancock Life Insurance	2934	10/30/2011	28,846.97	1,258,593.08
P-1757	John Hancock Life Insurance	2935	10/30/2011	15,769.43	688,020.36
P-1758	John Hancock Life Insurance	2936	10/30/2011	20,416.62	890,777.30
P-1759	John Hancock Life Insurance	2937	10/30/2011	26,225.09	1,144,200.61
P-1760	John Hancock Life Insurance	2938	10/30/2011	10,296.13	449,220.09
P-1761	John Hancock Life Insurance	2939	10/30/2011	37,566.95	1,639,045.90
P-1762	John Hancock Life Insurance	2940	10/30/2011	11,494.61	501,509.91
P-1763	John Hancock Life Insurance	2941	10/30/2011	8,405.39	366,727.17
P-1764	John Hancock Life Insurance	2942	10/30/2011	5,923.80	258,455.39
P-1765	John Hancock Life Insurance	2943	10/30/2011	15,095.23	658,605.09
	John Hancock Life Insurance	2943	10/30/2011	28.04	1,223.36
P-1766	John Hancock Life Insurance	2944	10/30/2011	13,311.36	580,774.47
P-1767	John Hancock Life Insurance	2945	10/30/2011	23,547.17	1,027,362.85
P-1793	John Hancock Life Insurance	2723	8/31/2011	18,290.34	770,754.93
P-1794	John Hancock Life Insurance	2724	8/31/2011	15,725.17	662,658.66
P-1795	John Hancock Life Insurance	2825	9/30/2011	18,286.49	773,152.59
P-1796	John Hancock Life Insurance	2826	9/30/2011	15,893.19	671,964.06
P-1804	John Hancock Life Insurance	2729	8/31/2011	15,610.01	657,805.82
P-1805	John Hancock Life Insurance	2737	8/31/2011	10,686.85	450,343.86
P-1806	John Hancock Life Insurance	2821	9/30/2011	2,833.33	119,793.19
P-1807	John Hancock Life Insurance	2922	10/30/2011	2,833.33	123,618.19
P-1808	John Hancock Life Insurance	2950	10/30/2011	76,780.19	3,349,919.69
P-2322	John Hancock Life Insurance	2930	10/30/2011	26,174.61	1,141,998.19
P-2323	John Hancock Life Insurance	2946	10/30/2011	3,162.88	137,996.50
			subtotal	**2,179,326.92**	**93,131,427.16**
Total – Third Quarter of CY 2011				**2,805,219.58**	**119,853,015.61**
Fourth Quarter of CY 2011					
P-1984	Manulife Singapore Pte. Ltd.	3227	1/31/2012	1,872.22	82,078.13
			subtotal	**1,872.22**	**82,078.13**

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P-1988	Manulife Asset Management (Hong Kong) Limited	2959	11/30/2011	12,150.00	529,033.48
P-1989	Manulife Asset Management (Hong Kong) Limited	3116	12/30/2011	12,150.00	530,226.00
P-1990	Manulife Asset Management (Hong Kong) Limited	3229	1/31/2012	12,150.00	532,656.00
			subtotal	**36,450.00**	**1,591,915.48**
P-1991	Manulife (International) Ltd.	3222	12/30/2011	46,349.35	2,031,955.44
P-1992	Manulife (International) Ltd.	3216	12/31/2011	552.00	24,199.68
P-1993	Manulife (International) Ltd.	3217	1/1/2012	2,898.00	127,048.32
P-1994	Manulife (International) Ltd.	3218	1/2/2012	2,898.00	127,048.32
P-1995	Manulife (International) Ltd.	3219	1/3/2012	2,898.00	127,048.32
P-1996	Manulife (International) Ltd.	3220	1/4/2012	3,622.50	158,810.40
P-1997	Manulife (International) Ltd.	3221	1/5/2012	3,622.50	158,810.40
P-2117	Manulife (International) Ltd.	3109	12/30/2011	48,108.08	2,099,436.75
P-2118	Manulife (International) Ltd.	2954	11/30/2011	47,079.64	2,049,934.62
P-2119	Manulife (International) Ltd.	2955	11/30/2011	42,710.81	1,859,707.87
P-2120	Manulife (International) Ltd.	2956	11/30/2011	106,711.46	4,646,414.53
P-2121	Manulife (International) Ltd.	3223	1/31/2012	44,579.30	1,954,356.51
P-2122	Manulife (International) Ltd.	3224	1/31/2012	98,284.37	4,308,786.56
P-2130	Manulife (International) Ltd.	3110	12/30/2011	102,881.98	4,489,769.67
P-2131	Manulife (International) Ltd.	3111	12/30/2011	43,815.80	1,912,121.51
			subtotal	**597,011.79**	**26,075,448.90**
P-1998	John Hancock Life Insurance	3075	11/30/2011	15,459.88	673,151.80
P-1999	John Hancock Life Insurance	3076	11/30/2011	15,387.88	670,016.96
P-2000	John Hancock Life Insurance	3077	11/30/2011	7,684.94	334,616.50
P-2001	John Hancock Life Insurance	3078	11/30/2011	3,962.55	172,536.76
P-2002	John Hancock Life Insurance	3079	11/30/2011	2,833.33	123,368.43
P-2003	John Hancock Life Insurance	3080	11/30/2011	15,641.45	681,057.50
P-2004	John Hancock Life Insurance	3081	11/30/2011	52,024.89	2,265,259.85
P-2005	John Hancock Life Insurance	3082	11/30/2011	53,254.13	2,318,783.15
P-2006	John Hancock Life Insurance	3083	11/30/2011	19,225.21	837,101.05
P-2007	John Hancock Life Insurance	3084	11/30/2011	14,784.60	643,748.72
P-2008	John Hancock Life Insurance	3085	11/30/2011	5,080.58	221,217.85
P-2009	John Hancock Life Insurance	3086	11/30/2011	5,409.20	235,526.37
P-2010	John Hancock Life Insurance	3087	11/30/2011	26,194.45	1,140,554.70
P-2011	John Hancock Life Insurance	3088	11/30/2011	147,090.75	6,404,603.33
	John Hancock Life Insurance	3088	11/30/2011	74,649.65	3,250,384.05
	John Hancock Life Insurance	3088	11/30/2011	14,689.42	639,604.52
	John Hancock Life Insurance	3088	11/30/2011	14,289.19	622,177.77
	John Hancock Life Insurance	3088	11/30/2011	5,666.66	246,736.86
	John Hancock Life Insurance	3088	11/30/2011	3,602.31	156,851.24
	John Hancock Life Insurance	3088	11/30/2011	(2,183.33)	(95,066.37)
P-2012	John Hancock Life Insurance	3089	11/30/2011	16,524.88	719,523.95
P-2013	John Hancock Life Insurance	3090	11/30/2011	2,401.54	104,567.49
P-2014	John Hancock Life Insurance	3091	11/30/2011	28,910.56	1,258,819.47
P-2015	John Hancock Life Insurance	3093	11/30/2011	20,413.09	888,823.70

P-2016	John Hancock Life Insurance	3094	11/30/2011	23,302.03	1,014,613.70
P-2017	John Hancock Life Insurance	3095	11/30/2011	10,366.65	451,383.12
P-2018	John Hancock Life Insurance	3096	11/30/2011	45,914.20	1,999,189.30
P-2019	John Hancock Life Insurance	3097	11/30/2011	12,808.21	557,693.30
P-2020	John Hancock Life Insurance	3098	11/30/2011	9,983.52	434,700.81
P-2021	John Hancock Life Insurance	3099	11/30/2011	8,119.49	353,537.72
P-2022	John Hancock Life Insurance	3100	11/30/2011	4,442.85	193,449.91
P-2023	John Hancock Life Insurance	3101	11/30/2011	15,968.24	695,286.90
	John Hancock Life Insurance	3101	11/30/2011	27.94	1,216.58
P-2024	John Hancock Life Insurance	3102	11/30/2011	15,850.12	690,143.55
P-2025	John Hancock Life Insurance	3103	11/30/2011	24,961.90	1,086,887.30
P-2026	John Hancock Life Insurance	3104	11/30/2011	2,659.70	115,808.26
P-2027	John Hancock Life Insurance	3184	12/30/2011	16,322.94	712,333.01
P-2028	John Hancock Life Insurance	3185	12/30/2011	13,927.35	607,789.73
P-2029	John Hancock Life Insurance	3186	12/30/2011	7,577.52	330,683.15
P-2030	John Hancock Life Insurance	3187	12/30/2011	14,956.16	652,686.78
P-2031	John Hancock Life Insurance	3188	12/30/2011	4,587.30	200,189.61
P-2032	John Hancock Life Insurance	3189	12/30/2011	14,451.10	630,645.97
P-2033	John Hancock Life Insurance	3190	12/30/2011	51,914.84	2,265,563.66
P-2034	John Hancock Life Insurance	3191	12/30/2011	53,019.88	2,313,787.76
P-2035	John Hancock Life Insurance	3192	12/30/2011	21,871.36	954,466.10
P-2036	John Hancock Life Insurance	3193	12/30/2011	14,130.05	616,635.26
P-2037	John Hancock Life Insurance	3194	12/30/2011	5,163.08	225,316.81
P-2038	John Hancock Life Insurance	3195	12/30/2011	4,717.32	205,863.91
P-2039	John Hancock Life Insurance	3196	12/30/2011	25,862.10	1,128,622.26
P-2040	John Hancock Life Insurance	3197	12/30/2011	150,779.70	6,580,026.27
	John Hancock Life Insurance	3197	12/30/2011	70,057.68	3,057,316.96
	John Hancock Life Insurance	3197	12/30/2011	14,689.42	641,046.29
	John Hancock Life Insurance	3197	12/30/2011	14,289.19	623,580.25
	John Hancock Life Insurance	3197	12/30/2011	5,666.66	247,293.04
	John Hancock Life Insurance	3197	12/30/2011	3,602.31	157,204.81
	John Hancock Life Insurance	3197	12/30/2011	(2,183.33)	(95,280.67)
P-2041	John Hancock Life Insurance	3198	12/30/2011	16,810.78	733,622.44
P-2042	John Hancock Life Insurance	3199	12/30/2011	2,401.54	104,803.21
P-2043	John Hancock Life Insurance	3200	12/30/2011	29,053.20	1,267,881.75
P-2044	John Hancock Life Insurance	3201	12/30/2011	2,401.54	104,803.21
P-2045	John Hancock Life Insurance	3202	12/30/2011	20,788.59	907,214.21
P-2046	John Hancock Life Insurance	3203	12/30/2011	22,395.83	977,354.21
P-2047	John Hancock Life Insurance	3204	12/30/2011	10,366.65	452,400.61
P-2048	John Hancock Life Insurance	3205	12/30/2011	39,464.66	1,722,237.83
P-2049	John Hancock Life Insurance	3206	12/30/2011	18,345.29	800,588.24
P-2050	John Hancock Life Insurance	3207	12/30/2011	9,510.07	415,019.54
P-2051	John Hancock Life Insurance	3208	12/30/2011	8,405.39	366,811.22
P-2052	John Hancock Life Insurance	3209	12/30/2011	4,442.85	193,885.97
P-2053	John Hancock Life Insurance	3210	12/30/2011	15,333.33	669,146.52
	John Hancock Life Insurance	3210	12/30/2011	124.04	5,412.95
P-2054	John Hancock Life Insurance	3211	12/30/2011	14,697.38	641,393.84
P-2055	John Hancock Life Insurance	3212	12/30/2011	24,057.41	1,049,865.20
P-2056	John Hancock Life Insurance	3213	12/30/2011	2,659.70	116,069.31

P-2057	John Hancock Life Insurance	3298	1/31/2012	14,905.89	653,474.36
P-2058	John Hancock Life Insurance	3299	1/31/2012	12,968.34	568,532.15
P-2059	John Hancock Life Insurance	3300	1/31/2012	7,464.93	327,262.49
P-2060	John Hancock Life Insurance	3301	1/31/2012	3,962.55	173,718.19
P-2061	John Hancock Life Insurance	3302	1/31/2012	5,666.66	248,426.37
P-2062	John Hancock Life Insurance	3303	1/31/2012	14,494.27	635,428.80
P-2063	John Hancock Life Insurance	3304	1/31/2012	53,234.19	2,333,786.89
P-2064	John Hancock Life Insurance	3305	1/31/2012	56,039.26	2,456,760.97
P-2065	John Hancock Life Insurance	3306	1/31/2012	20,749.07	909,639.14
P-2066	John Hancock Life Insurance	3307	1/31/2012	15,678.43	687,342.28
P-2067	John Hancock Life Insurance	3309	1/31/2012	5,283.40	231,624.26
P-2068	John Hancock Life Insurance	3310	1/31/2012	25,593.28	1,122,009.37
P-2069	John Hancock Life Insurance	3311	1/31/2012	157,370.77	6,899,134.59
	John Hancock Life Insurance	3311	1/31/2012	72,534.25	3,179,901.41
	John Hancock Life Insurance	3311	1/31/2012	15,890.19	696,625.93
	John Hancock Life Insurance	3311	1/31/2012	15,484.24	678,829.29
	John Hancock Life Insurance	3311	1/31/2012	5,666.66	248,426.37
	John Hancock Life Insurance	3311	1/31/2012	3,602.31	157,925.27
	John Hancock Life Insurance	3311	1/31/2012	(2,183.33)	(95,717.33)
P-2070	John Hancock Life Insurance	3312	1/31/2012	16,810.78	736,984.60
P-2071	John Hancock Life Insurance	3313	1/31/2012	2,401.54	105,283.51
P-2072	John Hancock Life Insurance	3314	1/31/2012	27,801.10	1,218,800.12
P-2073	John Hancock Life Insurance	3315	1/31/2012	2,401.54	105,283.51
P-2074	John Hancock Life Insurance	3316	1/31/2012	19,157.34	839,857.82
P-2075	John Hancock Life Insurance	3317	1/31/2012	31,255.10	1,370,223.46
P-2076	John Hancock Life Insurance	3318	1/31/2012	10,366.65	454,473.94
P-2077	John Hancock Life Insurance	3319	1/31/2012	43,659.87	1,914,048.55
P-2078	John Hancock Life Insurance	3320	1/31/2012	16,810.78	736,984.60
P-2079	John Hancock Life Insurance	3321	1/31/2012	8,645.52	379,019.60
P-2080	John Hancock Life Insurance	3322	1/31/2012	7,204.62	315,850.54
P-2081	John Hancock Life Insurance	3323	1/31/2012	4,442.85	194,774.54
P-2082	John Hancock Life Insurance	3324	1/31/2012	15,333.33	672,213.19
	John Hancock Life Insurance	3324	1/31/2012	124.04	5,437.76
P-2083	John Hancock Life Insurance	3325	1/31/2012	14,147.21	620,213.89
P-2084	John Hancock Life Insurance	3326	1/31/2012	28,680.49	1,257,352.80
P-2085	John Hancock Life Insurance	3327	1/31/2012	4,508.89	197,669.74
P-2086	John Hancock Life Insurance	3215	12/30/2011	83,591.45	3,647,930.88
P-2123	John Hancock Life Insurance	3092	11/30/2011	2,401.54	104,567.49
P-2124	John Hancock Life Insurance	3108	11/30/2011	87,463.40	3,808,318.24
P-2133	John Hancock Life Insurance	3308	1/31/2012	6,228.85	273,072.78
P-2326	John Hancock Life Insurance	3011	1/31/2012	93,337.04	4,091,895.83
			subtotal	**2,515,242.83**	**109,855,545.54**
Total – Fourth Quarter of CY 2011				**3,150,576.84**	**137,604,988.05**
Grand Total – CY 2011				**11,593,571.21**	**502,373,742.26**

However, the following gross receipts totaling ₱22,826,883.17, which were not properly supported by VAT zero-rated ORs as found by the ICPA, shall be deducted from the above gross receipts of ₱502,373,742.26:

ICPA's Findings	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Supported by zero-rated OR issued in the name of the customer's department[37]					
John Hancock Life Insurance	₱ 5,114,880.90	₱ 6,463,475.83	₱ 2,878,530.24	₱ 3,912,885.74	₱ 18,369,772.71
Subtotal	**₱5,114,880.90**	**₱6,463,475.83**	**₱2,878,530.24**	**₱3,912,885.74**	**₱18,369,772.71**
Excess amount of the zero-rated receipts per petitoner's claim over the zero-rated receipts per OR[38]					
John Hancock Life Insurance	₱ 66,652.02	₱ 1,478,050.49	₱ 210,224.75	₱ 58,818.81	₱ 1,813,746.07
Manulife Asset Management (Hong Kong) Limited	-	-	65,716.23	-	65,716.23
Manulife (International) Ltd.	-	-	-	2,577,648.16	2,577,648.16
Subtotal	**₱ 66,652.02**	**₱1,478,050.49**	**₱ 275,940.98**	**₱2,636,466.97**	**₱ 4,457,110.46**
Total Disallowances per ICPA's Findings	**₱5,181,532.92**	**₱7,941,526.32**	**₱3,154,471.22**	**₱6,549,352.71**	**₱22,826,883.17**

In addition, the Court noted that OR Nos. 2540 and 3215, per schedule, in the amounts of US$78,989.06 and US$83,591.45, respectively, were not the ORs actually submitted by petitioner per marked exhibits. Further, OR No. 3111 in the amount of US$43,815.80 was issued not in the name of petitioner's client. Hence, the corresponding gross receipts shall also be denied VAT zero-rating, detailed as follows:

	OR No.	Amount in US$	Amount in PhP	Findings
OR per schedule was not the OR actually submitted by petitioner per marked exhibit				
For the 2nd Quarter of CY 2011				
John Hancock Life Insurance (Exhibit No. P-1470)	2540	78,989.06	3,408,227.14	Payment received from Manulife Canadian Division in the amount of US$38,950.47 per OR No. 2356
For the 4th Quarter of CY 2011				
John Hancock Life Insurance (Exhibit No. P-2086)	3215	83,591.45	3,647,930.88	Payment received from Manulife Canadian Division in the amount of US$17,421.46 per OR No. 2953
OR issued was not in the name of petitioner's client				
For the 4th Quarter of CY 2011				

[37] Exhibit P-65, Annexes 9 to 12.
[38] Exhibit P-65, Annexes 13 to 16.

Manulife (International) Ltd. (Exhibit No. P-2131)	3111	43,815.80	1,912,121.51	Payment Received from Hong Kong Operations in the amount of US$102,881.98
Total		**206,396.31**	**8,968,279.53**	

Likewise, as per verification of the bank statements and credit advice, it was also noted that the following sales of petitioner to its non-resident foreign affiliates have no corresponding inward remittances, to wit:

Customer	OR No.	Zero-Rated Sales (in US$) (a)	Zero-Rated Sales (in PhP) (b)	Inward Remittance (in US$) (c)	Bank Statement /Credit Advice (Exh. No.)	Difference (d) (a-c)	Amount in PhP of Zero-Rated Sales Without Corresponding Inward Remittance [b x (d÷a)]
First Quarter of CY 2011							
Manulife (International) Ltd.	2075	48,277.34	2,133,665.32				
Manulife (International) Ltd.	2076	88,717.54	3,920,960.56				
		136,994.88	6,054,625.88	123,754.36	P-2135	13,240.52	585,178.20
Manulife (International) Ltd.	2077	35,335.77	1,561,699.87	31,900.93	P-2136	3,434.84	151,806.37
Manulife (International) Ltd.	2164	45,124.60	1,970,670.14				
Manulife (International) Ltd.	2165	92,755.83	4,050,809.61				
		137,880.43	6,021,479.75	123,935.00	P-2137	13,945.43	609,021.34
Manulife (International) Ltd.	2166	35,756.58	1,561,552.40	32,345.46	P-2138	3,411.12	148,969.58
Manulife (International) Ltd.	2255	46,655.57	2,029,703.92				
Manulife (International) Ltd.	2256	99,306.40	4,320,225.67				
		145,961.97	6,349,929.59	130,972.15	P-2139	14,989.82	652,117.13
Manulife (International) Ltd.	2257	39,665.05	1,725,588.47	-	-	39,665.05	1,725,588.47
Subtotal		531,594.69	23,274,875.95	442,907.90		88,686.79	3,872,681.09
Manulife Singapore Pte. Ltd.	2081	22.39	989.35				
Manulife Singapore Pte. Ltd.	2170	76.98	3,362.04				
		99.37	4,351.39	94.37	P-2279	5.00	218.95
Manulife Singapore Pte. Ltd.	2261	104.63	4,551.65	78.63	P-2139	26.00	1,131.06
Subtotal		204.00	8,903.04	173.00		31.00	1,350.01
Total – First Qtr of CY 2011		**531,798.69**	**23,283,778.99**	**443,080.90**		**88,717.79**	**3,874,031.10**
Second Quarter of CY 2011							
Manulife (International) Ltd.	2348	45,479.04	1,946,502.87				
Manulife (International) Ltd.	2349	106,126.36	4,542,208.41				
		151,605.40	6,488,711.28	135,703.58	P-2142	15,901.82	680,597.91
Manulife (International) Ltd.	2445	49,576.81	2,139,144.81				
Manulife (International) Ltd.	2446	98,118.26	4,233,615.41				

Manulife (International) Ltd.	2447	40,514.73	1,748,133.37				
		188,209.80	8,120,893.59	132,313.32	P-2282	55,896.48	2,411,826.41
Manulife (International) Ltd.	2549	49,453.12	2,144,847.66				
Manulife (International) Ltd.	2550	101,993.63	4,423,599.66				
		151,446.75	6,568,447.33	151,436.75	P-2283	10.00	433.71
Manulife (International) Ltd.	2551	40,950.65	1,776,084.27	37,027.46	P-2152	3,923.19	170,153.98
Subtotal		532,212.60	22,954,136.47	456,481.11		75,731.49	3,263,012.01
Manulife Singapore Pte Ltd	2354	173.99	7,446.83	147.99	P-2142	26.00	1,112.81
Subtotal		173.99	7,446.83	147.99		26.00	1,112.81
Total-Second Qtr of CY 2011		**532,386.59**	**22,961,583.30**	**456,629.10**		**75,757.49**	**3,264,124.82**
Third Quarter of CY 2011							
Manulife (International) Ltd.	2645	48,383.73	2,038,890.56				
Manulife (International) Ltd.	2647	102,671.46	4,326,575.27				
		151,055.20	6,365,465.83	15,662.24	P-2153	135,392.96	5,705,459.06
Manulife (International) Ltd.	2849	108,544.19	4,735,783.06	37,108.47	P-2165	71,435.72	3,116,740.50
Total – Third Qtr of CY 2011		**259,599.39**	**11,101,248.89**	**52,770.71**		**206,828.68**	**8,822,199.56**
Fourth Quarter of CY 2011							
Manulife Singapore Pte. Ltd.	3227	1,872.22	82,078.13	-	-	1,872.22	82,078.13
Subtotal		1,872.22	82,078.13			1,872.22	82,078.13
Manulife Asset Management (Hong Kong) Limited	2959	12,150.00	529,033.48	-	-	12,150.00	529,033.48
Manulife Asset Management (Hong Kong) Limited	3116	12,150.00	530,226.00	-	-	12,150.00	530,226.00
Manulife Asset Management (Hong Kong) Limited	3229	12,150.00	532,656.00	-	-	12,150.00	532,656.00
Subtotal		36,450.00	1,591,915.48			36,450.00	1,591,915.48
Manulife (International) Ltd.	3222	46,349.35	2,031,955.44	-	-	46,349.35	2,031,955.44
Subtotal		46,349.35	2,031,955.44			46,349.35	2,031,955.44
John Hancock Life Insurance	3298	14,905.89	653,474.36	-	-	14,905.89	653,474.36
John Hancock Life Insurance	3299	12,968.34	568,532.15	-	-	12,968.34	568,532.15
John Hancock Life Insurance	3300	7,464.93	327,262.49	-	-	7,464.93	327,262.49
John Hancock Life Insurance	3301	3,962.55	173,718.19	-	-	3,962.55	173,718.19
John Hancock Life Insurance	3302	5,666.66	248,426.37	-	-	5,666.66	248,426.37
John Hancock Life Insurance	3303	14,494.27	635,428.80			14,494.27	635,428.80
John Hancock Life Insurance	3304	53,234.19	2,333,786.89	-	-	53,234.19	2,333,786.89
John Hancock Life Insurance	3305	56,039.26	2,456,760.97	-	-	56,039.26	2,456,760.97
John Hancock Life Insurance	3306	20,749.07	909,639.14	-	-	20,749.07	909,639.14
John Hancock Life Insurance	3307	15,678.43	687,342.28	-	-	15,678.43	687,342.28
John Hancock Life Insurance	3308	6,228.85	273,072.78	-	-	6,228.85	273,072.78
John Hancock Life Insurance	3309	5,283.40	231,624.26	-	-	5,283.40	231,624.26
John Hancock Life Insurance	3310	25,593.28	1,122,009.37	-	-	25,593.28	1,122,009.37
John Hancock Life Insurance	3311	157,370.77	6,899,134.59	-	-	157,370.77	6,899,134.59
John Hancock Life Insurance	3311	72,534.25	3,179,901.41	-	-	72,534.25	3,179,901.41
John Hancock Life Insurance	3311	15,890.19	696,625.93	-	-	15,890.19	696,625.93
John Hancock Life Insurance	3311	15,484.24	678,829.29	-	-	15,484.24	678,829.29

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John Hancock Life Insurance	3311	5,666.66	248,426.37	-	-	5,666.66	248,426.37
John Hancock Life Insurance	3311	3,602.31	157,925.27	-	-	3,602.31	157,925.27
John Hancock Life Insurance	3311	(2,183.33)	(95,717.33)	-	-	(2,183.33)	(95,717.33)
John Hancock Life Insurance	3312	16,810.78	736,984.60	-	-	16,810.78	736,984.60
John Hancock Life Insurance	3313	2,401.54	105,283.51	-	-	2,401.54	105,283.51
John Hancock Life Insurance	3314	27,801.10	1,218,800.12	-	-	27,801.10	1,218,800.12
John Hancock Life Insurance	3315	2,401.54	105,283.51	-	-	2,401.54	105,283.51
John Hancock Life Insurance	3316	19,157.34	839,857.82	-	-	19,157.34	839,857.82
John Hancock Life Insurance	3317	31,255.10	1,370,223.46	-	-	31,255.10	1,370,223.46
John Hancock Life Insurance	3318	10,366.65	454,473.94	-	-	10,366.65	454,473.94
John Hancock Life Insurance	3319	43,659.87	1,914,048.55	-	-	43,659.87	1,914,048.55
John Hancock Life Insurance	3320	16,810.78	736,984.60	-	-	16,810.78	736,984.60
John Hancock Life Insurance	3321	8,645.52	379,019.60	-	-	8,645.52	379,019.60
John Hancock Life Insurance	3322	7,204.62	315,850.54	-	-	7,204.62	315,850.54
John Hancock Life Insurance	3323	4,442.85	194,774.54	-	-	4,442.85	194,774.54
John Hancock Life Insurance	3324	15,333.33	672,213.19	-	-	15,333.33	672,213.19
John Hancock Life Insurance	3324	124.04	5,437.76	-	-	124.04	5,437.76
John Hancock Life Insurance	3325	14,147.21	620,213.89	-	-	14,147.21	620,213.89
John Hancock Life Insurance	3326	28,680.49	1,257,352.80	-	-	28,680.49	1,257,352.80
John Hancock Life Insurance	3327	4,508.89	197,669.74	-	-	4,508.89	197,669.74
Subtotal		764,385.86	33,510,675.71	-	-	764,385.86	33,510,675.75
Total – Fourth Qtr of CY 2011		**849,057.43**	**37,216,624.76**			**849,057.43**	**37,216,624.80**
Grand Total – CY 2011		**2,172,842.09**	**94,563,235.94**	**952,480.71**		**1,220,361.38**	**53,176,980.28**

In sum, petitioner's valid zero-rated receipts for the taxable year 2011 amounted only to ₱417,401,599.28, computed thus:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Zero-Rated Receipts in PhP					
John Hancock Life Insurance	98,286,042.83	97,052,283.61	93,131,427.16	105,490,576.90	393,960,330.50
Manulife (International) Ltd.	23,274,875.96	24,714,955.32	25,100,064.72	26,075,448.90	99,165,344.90
Manulife Asset Management (Hong Kong) Limited	-	1,571,231.01	1,621,523.73	1,591,915.48	4,784,670.22
Manulife Singapore Pte Ltd	8,903.04	7,446.83	-	82,078.13	98,428.00
Total	**121,569,821.83**	**123,345,916.77**	**119,853,015.61**	**137,604,988.05**	**502,373,742.26**
Less: Disallowances					
Per ICPA's Findings					
Supported by Zero-Rated O.R. issued in the name of the Customer's Department					
John Hancock Life Insurance	5,114,880.90	6,463,475.83	2,878,530.24	3,912,885.74	18,369,772.71
Excess amount of the zero-rated receipts per petitoner's claim over the zero-rated receipts per OR[39]					
John Hancock Life Insurance	66,652.02	1,478,050.49	210,224.75	58,818.81	1,813,746.07

[39] Exhibit P-65, Annexes 13 to 16.

Manulife (International) Ltd.	-	-	65,716.23	-	65,716.23
Manulife Asset Management (Hong Kong) Limited	-	-	-	2,577,648.16	2,577,648.16
subtotal	5,181,532.92	7,941,526.32	3,154,471.22	6,549,352.71	22,826,883.17
Per this Court's Findings					
OR per schedule was not the OR actual OR per marked Exhibits					
John Hancock Life Insurance	-	3,408,227.14	-	3,647,930.88	7,056,158.02
O.R. issued was not in the name of the petitioner.					
Manulife (International) Ltd.	-	-	-	1,912,121.51	1,912,121.51
subtotal	-	3,408,227.14	-	5,560,052.39	8,968,279.53
Sales without corresponding Inward Remittance					
John Hancock Life Insurance	-	-	-	33,510,675.75	33,510,675.75
Manulife (International) Ltd.	3,872,681.09	3,263,012.01	8,822,199.56	2,031,955.44	17,989,848.10
Manulife Asset Management (Hong Kong) Limited	-	-	-	1,591,915.48	1,591,915.48
Manulife Singapore Pte Ltd	1,350.01	1,112.81	-	82,078.13	84,540.95
subtotal	3,874,031.10	3,264,124.82	8,822,199.56	37,216,624.80	53,176,980.28
Total Disallowances	**9,055,564.02**	**14,613,878.28**	**11,976,670.78**	**49,326,029.90**	**84,972,142.98**
Valid and Substantiated Zero-Rated Sales	**112,514,257.81**	**108,732,038.49**	**107,876,344.83**	**88,278,958.15**	**417,401,599.28**

Considering that not all of petitioner's declared zero-rated receipts are properly substantiated, only a portion of the claimed input taxes attributable to the substantiated zero-rated receipts can be refunded using the following rate:

2011	Valid Zero-Rated Receipts	Zero-Rated Receipts Per VAT Returns	Rate of Valid Zero-Rated Receipts
1st	112,514,257.81	325,131,825.82	34.6057349%
2nd	108,732,038.49	322,609,555.60	33.7039113%
3rd	107,876,344.83	331,372,504.80	32.5544043%
4th	88,278,958.15	366,429,620.13	24.0916545%
Total	**₱ 417,401,599.28**	**₱1,345,543,506.35**	

After having resolved that petitioner had VAT zero-rated receipts for the four taxable quarters of 2011 in the amount of ₱417,401,599.28, we shall ascertain the amount of input VAT incurred by petitioner in connection thereto.

As stated earlier, petitioner reflected a total amount of ₱29,668,270.78 allowable input VAT in its Quarterly VAT Returns for taxable year 2011, to wit:

Particulars	Input VAT
Amortization of Input Tax on Capital Goods exceeding ₱1Million	₱ 7,610,074.29
Purchase of Capital Goods not exceeding ₱1Million	2,150,003.24
Domestic Purchase of Goods (other than Capital Goods)	854,118.51
Domestic Purchase of Services	19,054,074.74
Total Available Input Tax	**₱29,668,270.78**

In support of the aforesaid input VAT, petitioner submitted various suppliers' invoices and official receipts[40] which were examined by the ICPA.

A review of the ICPA report together with the documents supporting the ₱22,058,196.49[41] input VAT claim on domestic purchases of goods other than capital goods, domestic purchases of services and capital goods not exceeding ₱1Million shows that input taxes amounting to ₱2,964,214.90 should be disallowed for not being properly substantiated by VAT invoices or receipts as prescribed under Sections 110(A), 113(A) and (B), 237 and 238 of the NIRC of 1997, as amended, in relation to Sections 4.110-1, 4.110-8 and 4.113-1 of Revenue Regulations (RR) No. 16-05, as amended. Below is the breakdown of the input taxes of ₱2,964,214.90:

FINDINGS	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Domestic purchases of goods other than capital goods					
1. Input tax claimed on domestic purchases of goods other than capital goods supported by VAT registered invoices without date indicated[42]	379.90	27,091.71	-	-	27,471.61
2. Input tax claimed on domestic purchases of goods other than capital goods supported by VAT registered invoices but the amount of VAT is not shown separately in the invoice[43]	20,468.99	223.23	158.79	-	20,851.01

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[40] Exhibits P-66 to P-322, P-66A to P-322A, P2241, P-2241A, P-323 to P-894, P-323A to P-894A, P-954 to P-965, P-2249 to P-2276.

[41]

Purchase of Capital Goods not exceeding ₱1M	₱ 2,150,003.24
Domestic Purchase of Goods (other than Capital Goods)	854,118.51
Domestic Purchase of Services	19,054,074.74
Total	**₱ 22,058,196.49**

[42] Exhibit P-65, Annexes 51 and 52.

[43] Exhibit P-65, Annexes 53, 54 and 55.

3. Input tax claimed on domestic purchases of goods other than capital goods supported by VAT registered invoices dated outside the period of claim[44]	116,619.97	-	-	-	116,619.97
4. Input tax claimed on domestic purchases of services erroneously classified as purchase of goods supported by VAT registered invoice or collection receipts with comment of "not valid as source of input tax"[45]	675.00	-	135.00	12,820.39	13,630.39
5.Input tax claimed on domestic purchases of goods other than capital goods supported by other documents such as statement of account, delivery receipt, miscellaneous account charge[46]	675.00	4,820.40	3,506.29	8,882.06	17,883.75
6. Input tax claimed on domestic purchases of goods other than capital goods with no supporting documents[47]	663.21	-	40.50	2,239.29	2,943.00
subtotal	**139,482.07**	**32,135.34**	**3,840.58**	**23,941.74**	**199,399.73**
Domestic Purchases of Services					
7. Input tax claimed on purchases of services supported by collection receipts and official receipts. Collection Receipt bore the BIR authority to print and the input VAT is separately shown in the official receipt[48]	50,654.06	67,369.71	43,958.61	33,188.80	195,171.18
8. Input tax claimed on domestic purchases of services supported by VAT registered official receipts without date indicated[49]	-	-	193,310.01	-	193,310.01
9. Input tax claimed on domestic purchases of services supported by VAT registered official receipts but amount of VAT is not shown separately in the official receipt[50]	442.37	615.49	5,745.54	316,812.29	323,615.69
10. Input tax claimed on domestic purchases of services supported by VAT registered official receipts dated outside the period of claim[51].	-	-	-	20,367.24	20,367.24
11. Input tax claimed on domestic purchases of services supported by VAT registered official receipt or collection receipts with comment "not a valid source of input tax"[52]	212,793.85	29,745.37	30,821.25	51,959.06	325,319.53

[44] Exhibit P-65, Annex 58.
[45] Exhibit P-65, Annexes 59, 60 and 61.
[46] Exhibit P-65, Annexes 62, 63, 64 and 65.
[47] Exhibit P-65, Annexes 66, 67 and 68.
[48] Exhibit P-65, Annexes 88, 89, 90 and 91.
[49] Exhibit P-65, Annex 105.
[50] Exhibit P-65, Annexes 106, 107, 108 and 109.
[51] Exhibit P-65, Annex 112.
[52] Exhibit P-65, Annexes 113, 114, 115 and 116.

12. Input tax claimed on domestic purchases of services supported by other documents such as statement of account, delivery receipt, miscellaneous account charge, tape receipt[53]	1,199.99	-	18,332.62	12,493.27	32,025.88
13. Input tax claimed on domestic purchases of services supported by VAT registered official receipts with "VAT Exempt Sale" indicated in the official receipt[54]	-	884.00	1,518.02	304,408.12	306,810.14
14. Input tax claimed on domestic purchases of services with no supporting documents[55]	739,261.12	216,951.39	72,756.54	43,333.58	1,072,302.63
subtotal	**1,004,351.39**	**315,565.96**	**366,442.59**	**782,562.36**	**2,468,922.30**
Purchases of Capital Goods not exceeding ₱1Million					
15. Input tax claimed on purchases of capital goods not exceeding ₱1 million supported by TIN VAT invoice but amount of VAT is not shown separately in the invoice[56]	-	-	3,600.00	-	3,600.00
16. Input tax claimed on purchases of capital goods not exceeding ₱1 million supported by VAT registered invoices dated outside the period of claim[57]	116,541.60	-	-	-	116,541.60
17. Input tax claimed on purchases of capital goods not exceeding ₱1 million supported by VAT registered invoice/receipt or collection receipts with comment "not a valid source of input tax"[58]	-	135,308.96	39,858.38	-	175,167.34
18. Input tax claimed on purchases of capital goods not exceeding ₱1 million without supporting documents[59]	-	-	-	583.93	583.93
subtotal	**116,541.60**	**135,308.96**	**43,458.38**	**583.93**	**295,892.87**
TOTAL	**1,260,375.06**	**483,010.26**	**413,741.55**	**807,088.03**	**2,964,214.90**

In addition to the foregoing exceptions found by the ICPA, this Court, likewise, found that petitioner's input VAT claim on purchase of goods other than capital goods in the amount of ₱805.71 must be disallowed because the corresponding invoice with serial no. 250235[60] dated November 30, 2010, is outside the period of claim.

[53] Exhibit P-65, Annexes 117, 118 and 119.
[54] Exhibit P-65, Annexes 120, 121 and 122.
[55] Exhibit P-65, Annexes 123, 124, 125 and 126.
[56] Exhibit P-65, Annex 146.
[57] Exhibit P-65, Annex 147.
[58] Exhibit P-65, Annexes 148 and 149.
[59] Exhibit P-65, Annex 150.
[60] Exhibit P-72.

Hence, out of the ₱22,058,196.49 input VAT claim on domestic purchases of goods other than capital goods, domestic purchases of services and capital goods not exceeding ₱1Million, only the amount of ₱19,093,175.88, as computed below, is duly supported by valid VAT invoices or official receipts in accordance with the existing VAT law and regulations:

	Domestic Purchases of Goods (other than Capital Goods)	Domestic Purchases of Services	Purchases of Capital Goods not exceeding 1 million	Total
Input VAT per Quarterly VAT Returns	₱ 854,118.51	₱ 19,054,074.74	₱ 2,150,003.24	₱ 22,058,196.49
Less: Disallowances				
Per ICPA's findings	199,399.73	2,468,922.30	295,892.87	2,964,214.90
Per this Court's findings	805.71	-	-	805.71
Input VAT Properly Substantiated	**₱ 653,913.07**	**₱16,585,152.44**	**₱ 1,854,110.37**	**₱19,093,175.88**

We now proceed to the substantiation of the ₱7,610,074.29 amortization of input VAT on capital goods purchases exceeding ₱1Million which originated from the ₱18,266,771.54 input tax deferred on capital goods exceeding ₱1Million from previous quarter and from the ₱3,221,423.55 input tax on capital goods exceeding ₱1Million purchased during the four quarters of CY 2011, as shown below:

Input Tax Deferred on Capital Goods exceeding ₱1Million from Previous Quarter	**₱ 18,266,771.54**
Add: Input Tax on Capital Goods exceeding ₱1Million Purchased during the four quarters of CY 2011	**3,221,423.55**
Total Unamortized Input Tax on Capital Goods exceeding ₱1Million	₱ 21,488,195.09
Less: Input Tax on Purchases of Capital Goods exceeding ₱1Million deferred for the succeeding period	13,878,120.81
Amortization of Input Tax on Capital Goods exceeding ₱1Million	₱ 7,610,074.29

Based on the ICPA's report, the ₱18,266,771.54 input tax deferred on capital goods exceeding ₱1Million from previous quarter pertains to petitioner's purchases in the years 2006, 2007, 2008, 2009 and 2010[61]. Petitioner failed to present supporting invoices and/or official receipts for the input taxes covering the years 2006 to 2008.[62] While there were invoices and official receipts submitted for the years 2009 and 2010, the same were denied admission by the Court for not being found in the records of the case and for petitioner's failure to submit the originals thereof for comparison[63]. Consequently, the claimed amortization of

[61] Exhibit P-65, Findings and Observations No. 6, p. 28.
[62] Exhibit P-65, Findings and Observations No. 6, p. 27.
[63] Resolution dated July 24, 2014, Docket, Vol. II, pp. 886-887.

input VAT from the previous quarters of taxable years 2006 to 2010 shall be denied.

As regards the substantiation of the ₱3,221,423.55 input taxes on purchases of capital goods exceeding ₱1Million for the taxable year 2011, the ICPA noted the following:

Findings	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Input Tax from Purchases of Capital Goods exceeding ₱1 million					
For the year 2011[64]					
1. Input tax claimed on purchases of capital goods exceeding ₱1 million which are substantiated for VAT purposes:					
a. Properly supported by VAT REG TIN invoices/receipts[65]	₱ 136,014.80	-	₱ 907,830.76	-	₱1,043,845.56
b. Properly supported by TIN VAT invoices/receipts[66]	153,091.45	₱ 508,355.27	515,571.43	₱137,990.12	1,315,008.27
2. Input tax claimed on purchases of capital goods exceeding ₱1 million supported by VAT registered invoices and official receipts not dated within the quarter but within the period of claim[67]	-	573,772.96	-	-	573,772.96
3. Input tax claimed on purchases of capital goods exceeding ₱1 million supported by VAT registered invoices and official receipts dated outside the period of claim[68]	156,719.38	-	-	-	156,719.38
4. Input tax claimed on purchases of capital goods exceeding ₱1 million supported by VAT REG TIN invoice with comment of "not a valid source of input tax"[69]	-	132,077.38	-	-	132,077.38
Total	**₱445,825.63**	**₱1,214,205.61**	**₱1,423,402.19**	**₱137,990.12**	**₱3,221,423.55**

From the above findings of the ICPA, the following input taxes in the amount of ₱288,796.76 shall be disallowed:

[64] Exhibit P-65, Annex 151.
[65] Exhibit P-65, Annexes 152 and 153.
[66] Exhibit P-65, Annexes 154, 155, 156 and 157.
[67] Exhibit P-65, Annex 158.
[68] Exhibit P-65, Annex 159.
[69] Exhibit P-65, Annex 160.

Findings	Taxable Year 2011				
	1st Quarter	**2nd Quarter**	**3rd Quarter**	**4th Quarter**	**Total**
1. Input tax claimed on purchases of capital goods exceeding 1 million supported by VAT registered invoices and official receipts dated outside the period of claim[70]	₱ 156,719.38	-	-	-	₱ 156,719.38
2. Input tax claimed on purchases of capital goods exceeding 1 million supported by VAT REG TIN invoice with comment of "not a valid source of input tax"[71]	-	₱ 132,077.38	-	-	132,077.38
Total	**₱156,719.38**	**₱132,077.38**	**-**	**-**	**₱288,796.76**

Thus, out of the ₱3,221,423.55 input taxes on purchases of capital goods exceeding ₱1Million for the taxable year 2011, only the amount of ₱2,932,626.79 was properly substantiated by VAT invoices and official receipts, computed as follows:

	Taxable Year 2011				
	1st Quarter	**2nd Quarter**	**3rd Quarter**	**4th Quarter**	**Total**
Input VAT on capital goods purchases exceeding ₱1M for the year 2011	₱ 445,825.63	₱ 1,214,205.61	₱ 1,423,402.19	₱ 137,990.12	₱ 3,221,423.55
Less: Disallowances	156,719.38	132,077.38			288,796.76
Properly Substantiated Input VAT on capital goods purchases exceeding ₱1M for the year 2011	**₱289,106.25**	**₱1,082,128.23**	**₱1,423,402.19**	**₱137,990.12**	**₱2,932,626.79**

Pursuant to Section 110(A)(2) of the NIRC of 1997, as amended, input VAT claim on capital goods purchases attributable to zero-rated sales may be claimed either in full during the month of acquisition, or spread over a period of time, depending on the aggregate acquisition cost of the capital goods in the calendar month. If the aggregate acquisition cost exceeds ₱1Million, the claim for input tax should be spread over 60 months or the estimated useful life of the capital goods, whichever is shorter. On the other hand, if aggregate acquisition cost does not exceed ₱1 million, the total input taxes shall be allowed as credit/refund in the month of acquisition.

[70] Exhibit P-65, Annex 159.
[71] Exhibit P-65, Annex 160.

Applying the above provisions in the present case, out of the ₱2,932,626.79 input VAT incurred by petitioner on capital goods exceeding ₱1Million for the year 2011, only the amount of ₱378,848.60 is creditable for the year 2011, computed as follows:

Date Purchased per Schedules Attached to the Quarterly VAT Returns[72]	Supplier	Exhibit of Invoice /O.R.	Amount of Purchase net of VAT	Input Tax	Est. Useful Life[73]	Monthly Amortization	Allowable Input Tax for the taxable period 2011
1st Quarter of 2011							
1/25/2011	RDT Jr. Associates Inc.	P-954	1,133,456.67	136,014.80	60	2,266.91	27,202.96
3/21/2011	Accent Micro Technologies Inc.	P-955	1,275,762.05	153,091.45	48	3,189.41	31,894.05
	Subtotal		**2,409,218.72**	**289,106.25**		**5,456.32**	**59,097.01**
2nd Quarter of 2011							
5/13/2011	Accent Micro Technologies Inc.	P-958	4,781,441.31	573,772.96	48	11,953.60	95,628.83
5/3/2011	Teledatacom Phils. Inc.	P-957	4,236,293.95	508,355.27	60	8,472.59	67,780.70
	Subtotal		**9,017,735.26**	**1,082,128.23**		**20,426.19**	**163,409.53**
3rd Quarter of 2011							
7/22/2011	Accent Micro Technologies Inc.	P-960	5,298,342.97	635,801.16	48	13,245.86	79,475.14
7/8/2011	RDT Jr. Associates Inc.	P-965-A	2,266,913.33	272,029.60	60	4,533.83	27,202.96
7/26/2011	Total Ventures Inc.	P-961-A	1,050,000.00	126,000.00	60	2,100.00	12,600.00
8/16/2011	Hoffsman Systematic Designs Inc.	P-962	1,146,428.58	137,571.43	60	2,292.86	11,464.29
8/2/2011	Total Ventures Inc.	P-963-A	2,100,000.00	252,000.00	60	4,200.00	21,000.00
	Subtotal		**11,861,684.88**	**1,423,402.19**		**26,372.54**	**151,742.39**
4th Quarter of 2011							
11/11/2011	Teledatacom Phils. Inc.	P-964	1,149,917.64	137,990.12	60	2,299.84	4,599.67
	Subtotal		**1,149,917.64**	**137,990.12**		**2,299.84**	**4,599.67**
	Total		**24,438,556.50**	**2,932,626.78**		**54,554.89**	**378,848.60**

Therefore, petitioner's properly substantiated input VAT for the four quarters of taxable year 2011 amounted only to ₱19,472,024.50, computed as follows:

Particulars	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
	In Philippine Pesos				
Domestic Purchases of Capital Goods not exceeding ₱1Million	190,608.83	625,108.37	677,394.35	360,998.84	1,854,110.39

[72] Exhibits "P-35", "P-36", "P-38" and "P-39".
[73] Per Attached Schedule in the Quarterly VAT Returns.

Domestic Purchases of Goods (other than Capital Goods)	195,303.29	156,377.56	170,167.21	132,065.01	653,913.07
Domestic Purchases of Services	11,151,332.79	1,952,569.73	1,130,462.63	2,350,787.29	16,585,152.44
Subtotal	**11,537,244.91**	**2,734,055.66**	**1,978,024.19**	**2,843,851.14**	**19,093,175.90**
Amortization of Input Tax on Capital Goods exceeding ₱1Million	59,097.01	163,409.53	151,742.39	4,599.67	378,848.60
Subtotal	**59,097.01**	**163,409.53**	**151,742.39**	**4,599.67**	**378,848.60**
Total Input Tax Properly Substantiated	**11,596,341.92**	**2,897,465.19**	**2,129,766.58**	**2,848,450.81**	**19,472,024.50**

A portion, however, of the aforementioned substantiated input VAT shall be applied against petitioner's reported output VAT liability for the four taxable quarters of 2011 in the total amount of ₱410,927.13. Hence, only the remaining input VAT of ₱19,061,097.37 (₱19,472,024.50 less ₱410,927.13) can be attributed to the entire zero-rated receipts declared by petitioner in the amount of ₱1,345,543,506.35 and only the input VAT of ₱6,243,220.30 is attributable to the valid zero-rated receipts of ₱417,401,599.28, as computed below:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Valid Input VAT	₱11,596,341.92	₱ 2,897,465.19	₱ 2,129,766.58	₱ 2,848,450.81	₱ 19,472,024.50
Less: Output VAT	14,865.57	236,747.95	30,615.90	128,697.71	410,927.13
Excess Input VAT	₱11,581,476.35	₱ 2,660,717.24	₱ 2,099,150.68	₱ 2,719,753.10	₱ 19,061,097.37
Multiply by Rate of Substantiated Zero-Rated Receipts	34.6057349%	33.7039113%	32.5544043%	24.0916545%	
Excess Input VAT Attributable to Valid Zero-Rated Receipts	**₱4,007,855.00**	**₱ 896,765.78**	**₱ 683,366.00**	**₱ 655,233.52**	**₱6,243,220.30**

Although the claimed input VAT was carried-over by petitioner in its succeeding Quarterly VAT Returns[74], the same remained unutilized until it was deducted as "VAT Refund/TCC Claimed"[75] in its Quarterly VAT Return for the first quarter of 2013. Thus, the excess input VAT of ₱54,288,135.91[76] as of the end of the first quarter of 2013 which was to be carried-over to the succeeding second quarter of 2013[77] no longer included the subject claim.

[74] Exhibits P-2218 to P-2222.
[75] Exhibit P-2222, line 23D.
[76] Exhibit P-2222, line 29, Total Amount Payable (Overpayment).
[77] Exhibit P-2223, line 20A.

In fine, petitioner has sufficiently proven its entitlement to the refund or issuance of tax credit certificate representing unutilized excess input VAT attributable to its zero-rated receipts for the four taxable quarters of CY 2011 in the amount of ₱6,243,220.30 .

WHEREFORE, premises considered, the instant Petition for Review is hereby **PARTIALLY GRANTED**. Accordingly, respondent is hereby **ORDERED TO REFUND** or **TO ISSUE A TAX CREDIT CERTIFICATE** in favour of petitioner in the reduced amount of **SIX MILLION TWO HUNDRED FORTY THREE THOUSAND TWO HUNDRED TWENTY and 30/100 PESOS (₱6,243,220.30)**, representing petitioner's unutilized excess input VAT attributable to its zero-rated sales/receipts for the four (4) taxable quarters of CY 2011.

SO ORDERED.

CAESAR A. CASANOVA
Associate Justice

WE CONCUR:

JUANITO C. CASTAÑEDA, JR.
Associate Justice

(On Leave)
AMELIA R. COTANGCO-MANALASTAS
Associate Justice

ATTESTATION

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

JUANITO C. CASTAÑEDA, JR.
Associate Justice
Chairperson, Second Division

CERTIFICATION

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

ROMAN G. DEL ROSARIO
Presiding Justice