REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

EN BANC

LANTRO PHILS. INC.,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA EB No. 3032
(CTA Case No. 10130)

Present:

RINGPIS-LIBAN, *P.J.*,
BACORRO-VILLENA,
MODESTO-SAN PEDRO,
REYES-FAJARDO,
CUI-DAVID,
FERRER-FLORES, and
ANGELES, *JJ.*

Promulgated:
APR 29 2026 2:07

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DECISION

FERRER-FLORES, J.:

The **Petition for Review**[1] filed by **Lantro Phils. Inc. (petitioner/Lantro)** on December 10, 2024 seeks the reversal of the Decision promulgated on April 29, 2024 (assailed Decision),[2] and the Resolution dated October 31, 2024 (assailed Resolution)[3] in CTA Case No. 10130, whereby the Special First Division of this Court (Court in Division) denied petitioner's claim for refund or tax credit certificate in the aggregate amount of **₱3,949,107.91**, representing its unutilized input value-added tax (VAT) for the period covering January 1 to March 31, 2017.

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[1] *Rollo*, pp. 9 to 25.
[2] *Id. at* 31 to 78. Penned by (Ret.) Associate Justice Catherine T. Manahan and concurred in by Associate Justice Marian Ivy F. Reyes-Fajardo, with Separate Opinion of (Ret.) Presiding Justice Roman G. Del Rosario.
[3] *Rollo*, pp. 73 to 77.

The dispositive portions of the assailed Decision and the assailed Resolution read as follows:

Assailed Decision:

> **WHEREFORE**, premises considered, the present *Petition for Review* is **DENIED** for lack of merit.
>
> **SO ORDERED.**

Assailed Resolution:

> **WHEREFORE**, premises considered, petitioner's Motion for Reconsideration (of the Decision dated 29 April 2024) is **DENIED** for lack of merit.
>
> **SO ORDERED.**

PARTIES OF THE CASE[4]

Petitioner is a corporation duly organized and existing under and by virtue of the laws of the Philippines. It is registered with the Bureau of Internal Revenue (BIR) as a VAT taxpayer with principal office address at 420 D Francisco Legaspi St., Maybunga, Pasig City, under Tax Identification Number (TIN) 202-950-644-000.

Respondent Commissioner of Internal Revenue (CIR) is duly appointed to perform the duties of his office, including, *inter alia*, the power to decide disputed assessments subject to the exclusive appellate jurisdiction of this Honorable Court, pursuant to Section 4 of the National Internal Revenue Code (NIRC) of 1997, as amended, and Section 7 of Republic Act (R.A.) No. 1125, as amended by R.A. No. 9282. He holds office at the BIR National Office Building, Agham Road, Diliman, Quezon City.

FACTUAL ANTECEDENTS

The facts as found by the Court in Division are as follows:[5]

> **ANTECEDENTS (ADMINISTRATIVE LEVEL)**
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> On April 1, 2019, petitioner filed an *Application for Tax Credits/Refunds* (BIR Form No. 1914) for VAT refund with the BIR, covering the period from January 1, 2017 to March 31, 2017, in the amount of ₱3,949,107.91. uy

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[4] The Parties, assailed Decision, *Rollo*, pp. 31 to 32.

[5] Antecedents (Administrative Level) and Proceedings Before This Court, *Id.* at 32 to 38. Citations omitted.

Thereafter, on June 18, 2019, petitioner received the *Notice of Denial for VAT Refund/Credit* dated May 31, 2019, issued by Regional Director (RD) Romulo L. Aguila, Jr., on the ground that the BIR Form No. 1914 — *Application for Tax Credits/Refunds* was filed beyond the prescriptive period of two (2) years from the taxable quarter when the zero-rated sales were made pursuant to Section 112 (A) of the 1997 National Internal Revenue Code (NIRC), as amended.

PROCEEDINGS BEFORE THIS COURT

On July 18, 2019, petitioner filed the present *Petition for Review*.

Within the extended time granted by the Court, on October 23, 2019, respondent filed his *Answer*, interposing the following special and affirmative defenses, to wit:

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On November 22, 2019, respondent filed his *Respondent's Pre-Trial Brief*. On November 26, 2019, petitioner filed its *Pre-Trial Brief (For the Petitioner)*. On November 28, 2019, the Court set the case for Pre-Trial Conference.

On December 17, 2019, the parties submitted their *Joint Stipulation of Facts and Issues*, which was approved in the Resolution dated January 16, 2020. On February 3, 2020, the Court issued the Pre-Trial Order.

In the meantime, on January 2, 2020, respondent transmitted the BIR Records for the case, consisting of one (1) folder, with 2146 pages.

During the hearing, petitioner presented the following witnesses: (1) Ms. Claire Gladiola Eclarinal, petitioner's Assistant Finance Manager; and (2) Ms. Thea May F. Vicera, the Court-commissioned Independent Certified Public Accountant (ICPA).

The ICPA *Report* was submitted on June 30, 2020. An *Amended Report* was later submitted on September 25, 2020.

On July 29, 2021, petitioner filed its *Formal Offer of Evidence*, to which respondent filed his *Comment [Re: Petitioner's Formal Offer of Evidence]* on November 25, 2021. In the Resolution dated March 30, 2022, the Court resolved to admit petitioner's offered exhibits, except for several exhibits on such grounds as specified therein.

On the other hand, respondent offered the testimony of Revenue Officer Mariz A. Pernia.

Noting respondent's failure to file his *Formal Offer of Evidence*, the Court issued the Resolution dated August 5, 2022, directing the parties to file their respective memorandum within thirty (30) days from notice.

However, on August 16, 2022, respondent filed a *Motion to Admit Respondent's Formal Offer of Evidence* with the attached *Respondent's*

> *Formal Offer of Evidence*. In the Resolution dated September 9, 2022, the Court admitted *Respondent's Formal Offer of Evidence*.
>
> In the meantime, in compliance with the Court's Resolution dated August 5, 2022, petitioner filed its *Memorandum* on September 12, 2022.
>
> On September 30, 2022, petitioner filed a *Manifestation*, expressing no objection to *Respondent's Formal Offer of Evidence*. Thus, in the Resolution dated November 18, 2022, the Court admitted all of respondent's offered exhibits.
>
> The case was submitted for decision on May 9, 2023, taking into consideration petitioner's *Memorandum* sans respondent's *Memorandum*.

On April 29, 2024, the Special First Division rendered the *assailed Decision*, which was received by petitioner on May 7, 2024.[6]

Petitioner then filed, on May 22, 2024, a *Motion for Reconsideration (of the Decision dated 29 April 2024)*,[7] which was denied by the Court in the *assailed Resolution* received by petitioner on November 11, 2024.[8]

PROCEEDINGS BEFORE THE COURT *EN BANC*

On November 26, 2024, petitioner filed a *Motion* praying for an extension of 15 days from November 26, 2024, or until December 11, 2024, within which to file the *Petition for Review*.[9] The same was granted by the Court on November 28, 2024.[10]

The instant *Petition for Review* was filed on December 11, 2024.[11]

Respondent failed to file his comment on the *Petition for Review* per Records Verification issued by the Court's Judicial Records Division on March 27, 2025.[12] On April 30, 2025, the instant case was submitted for decision.[13]

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6 *Rollo*, p. 30.
7 Division Docket - Vol. II, pp. 731 to 739.
8 *Rollo*, p. 79.
9 *Id.* at 1 to 3.
10 *Id.* at 8.
11 *Id.* at 9 to 25.
12 *Id.* at 183.
13 *Id.* at 184.

ISSUES

Petitioner raised the following grounds in its *Petition for Review*:[14]

A. The Court in Division erred in ruling that petitioner is not entitled to VAT refund.

B. The Court in Division erred in ruling that petitioner's sales transactions failed to comply with the invoicing requirements under NIRC of 1997, as amended.

C. The Court in Division erred in ruling that petitioner failed to comply with the invoicing and substantiation requirements on input VAT from domestic purchases and importations.

PETITIONER'S ARGUMENTS

Petitioner submits that it is entitled to its claim for refund as it has met the criteria enumerated in the case of *Top Master Constructions (Phils.), Inc. vs. Commissioner of Internal Revenue.* Petitioner disagrees with the findings of the Court in Division and maintains that the Certificate of Registration issued by the Philippine Economic Zone Authority (PEZA) is sufficient to entitle a supplier to VAT zero-rating with respect to its sales to a PEZA-registered enterprise. According to petitioner, Revenue Memorandum Circular (RMC) No. 74-99 does not require the submission of a separate PEZA Certification to qualify for VAT zero-rating on its sales to PEZA-registered entities.

Petitioner also argues that the subject input taxes have not been applied against any output VAT liability, during and in the succeeding quarters, and were not carried over to succeeding quarters. Petitioner insists that, although the amount being claimed as refund is not exactly the same as the amount provided in line item 23D of its VAT Return, this amount covers the amount being claimed for refund. Petitioner claims that it stands to be prejudiced by the excess amount erroneously indicated in its VAT Return since it will be deducted from its allowable input tax that may be carried over to the succeeding quarters, without having the benefit of using the excess amount against its output VAT or having the same refunded.

Petitioner maintains that the reported overpayment in the amended first quarterly VAT Return of 2017, where the amount being claimed was already deducted, was carried over to the second quarterly VAT Return of 2017 in

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14 *Rollo*, p. 12.

line item 20A. Petitioner, thus, strongly contends that the amount being claimed was not carried over to the succeeding quarter since the amount carried over was already net of ₱5,209,804.13, which necessarily covers the amount being claimed.

Petitioner posits that the amended first quarterly VAT Return of 2017 sufficiently proved that the amount being claimed was not applied against any output tax in the subject current quarter as the said amended VAT Return shows that an input tax carried over from the previous period reflected an amount of ₱49,212,611.18, against which the output tax in the amount of ₱9,352,288.19 can be applied on a "first-in, first-out" basis.

Finally, petitioner asserts that its sales transactions were properly vouched and examined by the Court-commissioned Independent Certified Public Accountant (ICPA) pursuant to her mandate. Her examination ascertained that the issuance of receipts and/or invoices reflected and/or contained information required by law, complying with the invoicing requirements under Revenue Memorandum Order (RMO) No. 12-2013. Petitioner likewise avers that the Court-commissioned ICPA found the amount of ₱27,033,482.33 as petitioner's zero-rated sales with appropriate supporting documents. Nevertheless, even assuming that the amount of ₱7,576,538.22 was not compliant with invoicing requirements, it still has valid zero-rated sales for the first quarter of 2017 in the amount of ₱19,456,944.11; hence, the input VAT being claimed for refund should be allocated to the percentage of such valid zero-rated sales.

RULING OF THE COURT *EN BANC*

The Court denies the instant *Petition for Review*.

Timeliness of the Petition for Review

Records show that petitioner received the *assailed Resolution* on November 11, 2024.[15] Counting 15 days therefrom, petitioner had until November 26, 2024 within which to file its *Petition for Review* before the Court *En Banc*. On November 26, 2024, petitioner filed a *Motion*[16] requesting for an additional period of 15 days, or until December 11, 2024, within which to file its *Petition for Review*, which was granted by this Court in a Minute Resolution dated November 28, 2024.[17] On December 10, 2024, petitioner timely filed its *Petition for Review*.

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[15] *Rollo*, p. 79.
[16] *Id.* at 1 to 3.
[17] *Id.* at 8.

PEZA Certification is required to prove petitioner's zero-rated sales to PEZA-registered entities

In the *assailed Decision*, the Court in Division disallowed petitioner's sales, in the amount of ₱12,856,792.51, to PEZA-registered entities without any proof of entitlement to VAT zero-rating under Section 108(B)(3) of the NIRC of 1997, as amended.

In the *assailed Resolution*, the Court highlighted the difference of a PEZA Certificate of Registration and a PEZA VAT Zero-Rating Certificate (PEZA-ERD Form No. 97-01). The PEZA Certificate of Registration shows that the entity is duly registered with PEZA and such registration *ipso facto* results in the zero-rating of enterprise's transactions with its suppliers. The PEZA VAT Zero-Rating Certification, on the other hand, confirms that the enterprise is compliant with the conditions stipulated in its PEZA Certificate of Registration and has no outstanding penalties. The latter serves as the competent proof that the enterprise remains to be a qualified PEZA-registered enterprise and therefore entitled to the VAT zero-rating incentive.

In the instant *Petition for Review*, petitioner alleges that the Court-commissioned ICPA thoroughly verified its customers' PEZA registration, and therefore, these entities are VAT zero-rated. Further, petitioner posits that PEZA Certificate of Registration is sufficient to entitle them for VAT zero-rating. According to petitioner, RMC No. 74-99,[18] which refers to the "Tax Treatment of Sales of Goods, Property and Services Made by a Supplier from the Customs Territory to a PEZA Registered Enterprise; and Sale Transactions Made by PEZA Registered Enterprises Within and Without the ECOZONE", does not require the submission of a separate PEZA Certification.

The Court *En Banc* adopts and reiterates the findings of the Court in Division that the PEZA VAT Zero-Rating Certifications are proof that the PEZA-registered entities maintain their qualification for registration. In the *assailed Resolution*, the Court in Division emphasized that PEZA-registered entities are entitled to benefits and incentives, which include VAT zero-rating, but not without conditions. To maintain the qualifications of their registration, PEZA-registered entities must comply with the requirements set forth in R.A. No. 7916[19] and its Implementing Rules and Regulations. Failure to comply

[18] October 15, 1999.
[19] AN ACT PROVIDING FOR THE LEGAL FRAMEWORK AND MECHANISMS FOR THE CREATION, OPERATON, ADMINISTRATION, AND COORDINATION OF SPECIAL ECONOMIC ZONES IN THE PHILIPPINES, CREATING FOR THIS PURPOSE, THE PHILIPPINE ECONOMIC ZONE AUTHORITY (PEZA), AND FOR OTHER PURPOSES, July 25, 1994.

with the requirements set forth therein shall cause the cancellation of its registration. Thus, the Court *En Banc* agrees with the ruling of the Court in Division that the PEZA VAT Zero-Rating Certification serves as the competent proof that the enterprise availing of the incentives provided by law remains a qualified PEZA-registered enterprise.

Clearly, absent the presentation of the PEZA VAT Zero-Rating Certifications for the following customers of petitioner, the related sales amount of ₱12,856,792.51 is disallowed for failure to prove that these entities are entitled to VAT zero-rating:

Customer	Amount
Acquire Asia Pacific Manila Inc.	₱ 562,550.00
Axiem Corporation	4,320.00
Convergys Philippines Inc.	9,967,055.70
Diversify Intelligent Staffing Solution	29,475.00
International Digital Systems	26,643.46
Sykes Asia Inc. Phils.	1,969,462.25
Tyco Fire Security and Services Pte Ltd	209,144.25
Lufthansa German Airlines	19,652.00
Vishay Philippines Inc.	40,000.00
Rakuten Inc.	28,489.68
Total	**₱ 12,856,792.51**

The Court further notes that, among the customers of petitioner which are PEZA-registered, only the foregoing customers were not able to present the PEZA VAT Zero-Rating Certifications. Hence, the remaining portion of the sales of petitioner to PEZA-registered entities were duly substantiated with both PEZA Certificate of Registration and PEZA VAT Zero-Rating Certification.

Given petitioner's failure to overcome the factual determination and refute the conclusion of the Court in Division, the Court *En Banc* affirms the same in full.

Petitioner failed to show that the subject input taxes have not been applied against output taxes during and in the succeeding quarters

Petitioner asserts that the amount reflected in its amended first quarterly VAT Return of 2017 reflected the amount of ₱5,209,804.13 as VAT refund/TCC claimed under line item 23D, which is an item of deduction from input tax. As this amount was effectively deducted from the amount which may be carried over to the next quarter, it shows that this amount was not

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applied against any output tax and was not carried over to the succeeding quarters.

Petitioner further explains that, although the amount claimed as refund is not exactly the same as the amount provided in line item 23D of the subject VAT Return, this amount, which is higher, covers the amount being claimed for refund. The reported overpayment in the amended 1st quarter of 2017 VAT Return, where the amount being claimed was already deducted, was carried over to the second quarterly VAT Return of 2017. Petitioner, thus, claims that the amount being claimed was not carried over to the succeeding quarter since the amount carried over was already net of the ₱5,209,804.13, which necessarily covers the subject claim of ₱3,949,107.91.

Finally, petitioner submits that the amended first quarterly VAT return of 2017 sufficiently proved that the amount being claimed was not applied against any output tax in the subject current quarter as the input tax carried over from the previous period, under line item 20A, reflected the amount of ₱49,212,611.18, against which the output tax of ₱9,352,288.19 can be applied on a "first-in, first-out" basis. Petitioner highlights that the input tax for the current period, which necessarily includes the amount being claimed, remained intact and was not applied to any output tax of petitioner.

We do not agree.

As petitioner is claiming the specific amount of ₱3,949,107.91 for refund, it must clearly establish that the said amount was not applied against its output VAT liability during and in the succeeding quarters.

Jurisprudence is replete with cases requiring taxpayers who claim for refund, which is in the nature of a tax exemption, to justify its entitlement to claim for refund with sufficient and competent evidence.[20]

As aptly found by the Court in Division, petitioner cannot simply insist that the amount that was already deducted from input tax in the amended first quarterly VAT Return of 2017 already covers the amount claimed for refund only because it exceeds the latter. Without presenting any proof referring to the specific amount of ₱3,949,107.91, the Court is unable to verify whether the amount claimed for refund was not yet applied against the output VAT liability during and in the succeeding quarters.

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[20] *Commissioner of Internal Revenue vs. Filminera Resources Corp.*, G.R. No. 236325, September 16, 2020, *Commissioner of Internal Revenue vs. Interpublic Group of Companies, Inc.*, G.R. No. 207039, August 14, 2019; *Eastern Telecommunications Philippines, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 183531, March 25, 2015.

The Court *En Banc,* thus, concurs with the discussion of the Court in Division in the *assailed Decision* and *assailed Resolution* that the taxpayer-claimant has the burden of proof to establish the factual basis of the claim for tax refund.

Petitioner failed to comply with the invoicing requiremenst under the NIRC of 1997, as amended

The Court in Division discussed that not all of petitioner's sales to PEZA-registered entities were properly substantiated with compliant invoices/official receipts (ORs). Upon examination of the invoices presented by petitioner, the Court in Division disallowed its zero-rated sales amounting to ₱7,576,538.22 for failure to comply with Sections 113(A) and (B), and 237, in relation to Section 238, of the NIRC of 1997, as amended. The Court in Division noted the following: (1) some of petitioner's sales of services were supported by VAT sales invoices and not by official ORs; (2) petitioner's sale of services to JPMorgan Chase Bank NA Phil Global Services Center was supported by billing statement and not by OR; (3) its sale of goods to JPMorgan Chase Bank NA Phil Global Services Center was supported by VAT sales invoice but the sales amount is labelled as VAT Exempt; and, (4) a portion of its sales do not have supporting documents.

Consequently, the Court in Division held that the valid zero-rated sales for the first quarter of TY 2017 of petitioner only amounts to ₱6,600,151.60.

Petitioner maintains that its sales transactions were properly vouched and examined by the Court-commissioned ICPA. Petitioner claims that the Court-commissoned ICPA found that the amount of ₱27,033,482.33 represents its zero-rated sales with appropriate supporting documents.

We are not convinced.

To reiterate, the Court is not bound by the findings of the Court-commissioned ICPA.[21] As fittingly discussed by the Court in Division in the *assailed Resolution*, the conclusions of the Court-commisioned ICPA are not conclusive upon the Court, which is free to make its own verification and evaluation of the evidence on record and either completely or partially adopt or disregard the findings of the Court-commisisoned ICPA. Petitioner cannot merely rely on the ICPA's findings. The Court ultimately determines petitioner's claim based on the evidence it presented.

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[21] Section 3, Rule 13, RRCTA.

This Court cannot subscribe to petitioner's asseveration that the Court-commissioned ICPA verified the registration of petitioner's customers that entitles them automatically to VAT zero-rating incentive. The findings and conclusions of the Court-commissioned ICPA may be challenged by the parties and shall not be conclusive upon the Court, which may, in whole or in part adopt such findings and conclusions, subject to verification.[22]

Petitioner failed to comply with the invoicing and substantiation requirements on its input VAT from domestic purchases and importations

Petitioner still argues that the *ICPA Report* submitted before the Court in Division provided that the Court-commissioned ICPA ascertained that the summary of the purchases complies with proper invoicing requirements. Petitioner avers that the pertinent ORs and invoices for these purchases were duly marked and submitted as exhibits for the present case. On the other hand, the Certificate of Importation and other importation documents issued by the Bureau of Customs (BOC) were also duly marked and submitted as exhibits to support her findings as to the input VAT from petitioner's importations. While petitioner proposes a different computation as regards the attributability to its VAT zero-rated sales, petitioner firmly stands that it is entitled to its claim for refund in the amount of ₱3,949,107.91.

The Court *En Banc* affirms the consistent holding of the Court in Division, as set forth in the *assailed Decision* and *assailed Resolution*, that the Court-commissioned ICPA's findings are never determinative of the Court's final judgment. As petitioner failed to properly substantiate its domestic purchases and importations in compliance with Section 4.110-8 of Revenue Regulations (RR) No. 16-2005,[23] and under Sections 113(A) and (B), 237, and 238 of the NIRC of 1997, as amended, as implemented by Section 4.113-I(A) and (B) of RR No. 16-2005, its claim for refund shall be disallowed. Note that claims for refund are in the nature of tax exemptions, thus, strictly construed against the taxpayer claiming it.

The Supreme Court, in the case of *Commissioner of Internal Revenue vs. Philippine National Bank*,[24] accords the highest respect to the factual findings of the CTA, which shall not be disturbed unless there has been an abuse of discretion on its part, to wit:

> xxx Further, it is well settled that factual findings of the CTA when supported by substantial evidence, will not be disturbed on appeal. Due to

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[22] *Tullet Prebon (Philippines), Inc. vs. Commissioner of Internal Revenue,* G.R. No. 257219, July 15, 2024.
[23] Consolidated Value-Added Tax Regulations of 2005, September 1, 2005.
[24] G.R. No. 212699, March 13, 2019.

> the nature of its functions, the tax court dedicates itself to the study and consideration of tax problems and necessarily develops expertise thereon. Unless there has been an abuse of discretion on its part, the Court accords the highest respect to the factual findings of the CTA.

Considering that the evaluation of the evidence is with the Court in Division, the Court *En Banc* shall not disturb its factual findings when supported by substantial evidence, absent any abuse of discretion on the CTA's part. In the case of *Rhombus Energy, Inc. vs. Commissioner of Internal Revenue*,[25] the Supreme Court acknowledged that the Court in Division is in the best position to examine the documents submitted in relation to the case before it to make proper findings thereon, to wit:

> **The members of the CTA First Division were in the best position as trial judges to examine the documents submitted in relation thereto, and to make the proper findings thereon. Given their expertise on the matter, we accord weight and respect to their finding** that Rhombus had satisfied the requirements for its claim for refund of its excess creditable withholding taxes for the year 2005. (Emphasis supplied, citation omitted)

As the Court in Division thoroughly reviewed and scrutinized the evidence presented by the parties, and petitioner failed to adequately demonstrate the assigned error allegedly committed by the Court in Division, the Court *En Banc* finds no reason to disturb its findings and grant its *Petition for Review*.

ACCORDINGLY, the instant **Petition for Review** is **DENIED** for lack of merit. The Decision dated April 29, 2024 and the Resolution dated October 31, 2024 rendered in CTA Case No. 10130 are **AFFIRMED**.

SO ORDERED.

CORAZON G. FERRER-FLORES
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

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[25] G.R. No. 206362, August 1, 2018.

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

Marian Ivy F. Reyes-Fajardo
MARIAN IVY F. REYES-FAJARDO
Associate Justice

LANEE S. CUI-DAVID
Associate Justice

HENRY S. ANGELES
Associate Justice

CERTIFICATION

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

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice