REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

DEUTSCHE KNOWLEDGE SERVICES PTE., LTD., Petitioner,	**CTA CASE NO. 9227**
	Members:
- versus -	**DEL ROSARIO,** *P.J., Chairperson,* **MANAHAN,** *and* **REYES-FAJARDO,** *JJ.*
COMMISSIONER OF INTERNAL REVENUE, Respondent.	Promulgated: NOV 18 2021 3:30 pm

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DECISION

***DEL ROSARIO, P.J.*:**

This is a Petition for Review[1] filed on January 4, 2016 by Deutsche Knowledge Services Pte., Ltd. (*petitioner*) against the Commissioner of Internal Revenue (*respondent*) praying that the Court render judgment ordering respondent to refund or issue a tax credit certificate to petitioner in the amount of ₱31,681,201.78, representing its excess and unutilized input VAT on purchases of goods and services attributable to zero-rated sales for the fourth (4^{th}) quarter of calendar year (CY) 2013.

THE PARTIES

Petitioner is the Philippine branch of a multinational company organized and existing under and by virtue of the laws of Singapore, with registered office address at One Raffles Quay, #17-10 South Tower, Singapore 048583.[2] It is licensed to do business as a regional operating headquarters (ROHQ) in the Philippines by the Securities and Exchange Commission (SEC) on April 25, 2005 with SEC Registration No. FS200506950, pursuant to the Omnibus Investment

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[1] CTA Docket Vol. I, pp.10-47 (*inclusive of annexes*).

[2] Par. 2, Stipulated Facts, Joint Stipulation of Facts and Issues (JSFI), CTA Docket Vol. V, p. 2472.

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Code of 1987, as amended by Republic Act (RA) No. 8756, [3] and its implementing rules and regulations, 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 personal management; logistics services; research and development services and product development; technical support and maintenance; data processing and communication and business development.[4] It was registered with the Bureau of Internal Revenue (BIR) on June 16, 2005 as a VAT-registered taxpayer with Taxpayer Identification Number (TIN) 238-763-115-000.[5]

Respondent is the Commissioner of Internal Revenue (CIR) with office address at the BIR National Office Building, Diliman, Quezon City. He is empowered to perform the duties of his office, including among others, the duty to act upon and approve claims for refund or tax credit as provided by law.[6]

FACTS

On September 1, 2015, petitioner filed with the BIR Large Taxpayers Regular Audit Division 3 (LTRAD 3) an Application for Tax Credits/Refunds (BIR Form No. 1914) of its excess and unutilized input VAT for the fourth (4th) quarter of CY 2013 in the amount of ₱31,681,201.78.[7]

Claiming inaction on its administrative claim, and considering that the 120-day period within which respondent is required to act on the claim for refund had lapsed on December 30, 2015,[8] petitioner filed the present Petition for Review on January 4, 2016.[9] The case was raffled to the Third Division.

On June 28, 2016, within the extended periods granted by the Court,[10] respondent filed his Answer,[11] interposing the following special

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[3] An Act providing for the Terms, Conditions and Licensing Requirement of Regional or Area Headquarters, Regional Operating Headquarters, and Regional Warehouses of Multinational Companies, Amending for the purpose certain provisions of Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987.
[4] Par. 3, I. Stipulated Facts, JSFI, CTA Docket Vol. V, p. 2472-2473.
[5] Par. 4, I. Stipulated Facts, JSFI, CTA Docket Vol. V, p. 2473.
[6] Par. 1, I. Stipulated Facts, JSFI, CTA Docket Vol. V, p. 2472.
[7] Exhibits "P-4" and "P-4-a", CTA Docket Vol. VI, pp. 2910-2915.
[8] Par. 8, IV Administrative Claim for Refund, Petition for Review, CTA Docket Vol. I, p. 13.
[9] *Supra*, Note 1.
[10] Resolution dated May 30, 2016, CTA Docket Vol. I, p. 76; Resolution dated July 4, 2016, CTA Docket Vol. I, p. 96.
[11] CTA Docket Vol. I, pp. 82-93.

and affirmative defenses: (i) the instant judicial claim should be denied for petitioner's failure to submit the complete supporting documents and substantiate the claim at the administrative level; (ii) a petition for review before the Court of an unsuccessful administrative claim is not an original action; and, (iii) claims for refund are construed strictly against the taxpayer and in favor of the government.

Respondent filed his Pre-Trial Brief on October 13, 2016,[12] while petitioner's Pre-Trial Brief was filed on October 14, 2016.[13]

During the October 18, 2016 pre-trial conference, the parties were ordered to file their Joint Stipulation of Facts and Issues.[14]

On November 7, 2016, within the extended period granted by the Court,[15] the parties filed their Joint Stipulation of Facts and Issues.[16] On December 7, 2016, the Court issued the Pre-Trial Order thereby terminating the pre-trial conference.[17]

During trial, both parties presented their respective testimonial and pieces of documentary evidence.

Petitioner presented the testimonies of Ms. Rachel Concepcion,[18] Legal Entity Controller of petitioner, and Mr. Emmanuel Mendoza,[19] Court-commissioned Independent Certified Public Accountant (ICPA).

With respect to its documentary evidence, petitioner filed its Formal Offer of Evidence[20] on October 23, 2017, with respondent's opposition thereto filed on November 2, 2017.[21]

In the Resolution dated September 7, 2018,[22] the Court admitted in evidence the exhibits of petitioner, except the following: Exhibits "P-

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[12] CTA Docket Vol. I, pp. 107-110.
[13] CTA Docket Vol. I, pp. 123-132.
[14] Minutes of the Hearing dated October 18, 2016, CTA Docket Vol. V, p. 2465; Order dated October 18, 2016, CTA Docket Vol. V, pp. 2467-2468.
[15] Resolution dated November 22, 2016, CTA Docket Vol. V, p. 2486.
[16] CTA Docket Vol. V, pp. 2472-2480.
[17] CTA Docket Vol. V, pp. 2488-2494.
[18] Minutes of the Hearing dated March 6, 2017, CTA Docket Vol. VI, p. 2613; Order dated March 6, 2017, CTA Docket Vol. VI, p. 2614.
[19] Minutes of the Hearing dated July 10, 2017, CTA Docket Vol. VI, p. 2643; Order dated July 10, 2017, CTA Docket Vol. VI, p. 2645; Minutes of the Hearing dated September 18, 2017, CTA Docket Vol. VI, p. 2790; Order dated September 18, 2017, CTA Docket Vol. VI, p. 2791.
[20] CTA Docket Vol. VI, pp. 2797-2840.
[21] Opposition Re: Petitioner's Formal Offer of Exhibits, CTA Docket Vol. XII, pp. 7298-7300.
[22] CTA Docket Vol. XII, pp. 7309-7315.

6.1", "P-6.38", "P-6.53", "P-6.56", "P-6.61", and "P-7.2" for failure of the descriptions in the formal offer to correspond to the descriptions of the documents actually marked; Exhibits "P-6.3", "P-6.5", and "P-6.25" for failure of petitioner to present the originals thereof for comparison; Exhibits "P-6.4", "P-6.7", "P-6.39", "P-6.42", "P-6.52", "P-6.54", "P-6.55", "P-6.58", "P-6.59, and "P-6.60" for failure of petitioner to present the originals thereof for comparison and for failure of the descriptions in the formal offer to correspond to the descriptions of the documents actually marked; and Exhibits "P-6.57", "P-12-39", "P-12-211" for not being found in the records of the case.

In view of the reorganization of the three (3) Divisions of the Court, pursuant to CTA Administrative Circular No. 02-2018 dated September 18, 2018, the present case was transferred to this Division in the Order dated October 1, 2018.[23]

Petitioner filed an Omnibus Motion (1) Motion for Partial Reconsideration (Re: Resolution dated September 7, 2018); (2) Motion to Set Commissioner's Hearing for the Comparison of Documents; and (3) Motion for Leave of Court to present witness on September 28, 2018.[24] In the Resolution dated April 3, 2019,[25] the Court granted petitioner's Motion to Set Commissioner's Hearing for the Comparison of Documents and Motion for Leave of Court to Present Witness.

On September 3, 2019, petitioner presented its Legal Entity Controller, Felix B. Angue, as its last witness.[26]

Thereafter, petitioner filed a Supplemental Formal Offer of Evidence on September 24, 2019.

In the Resolution dated November 22, 2019,[27] the Court admitted Exhibits "P-6.1", "P-6.3", "P-6.5", "P-6.38", "P-6.4", "P-6.53", "P-6.56", "P-6.61", and "P-7.2".

During the hearing on February 6, 2020, respondent manifested that he would no longer present any witness.[28] Respondent, however, offered in evidence Exhibit "R-1" or the Memorandum dated December 16, 2015, which was admitted in open Court on even date. The parties

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[23] CTA Docket Vol. XII, p. 7316.
[24] CTA Docket Vol. XII, pp. 7318-7328.
[25] CTA Docket Vol. XII, pp. 7339-7341.
[26] Order dated September 3, 2019, CTA Docket Vol. XII, pp. 7376-7377.
[27] CTA Docket Vol. XII, pp. 7434-7435.
[28] Minutes of Hearing dated February 6, 2020, CTA Docket Vol. XII, p. 7436-7437; Order dated February 6, 2020, CTA Docket Vol. XII, pp. 7438-7441.

were given a period of thirty (30) days within which to file their respective memoranda.[29]

Respondent filed his Memorandum on March 9, 2020,[30] while petitioner failed to file its memorandum.[31] Thus, in the Resolution dated July 15, 2020, the case was submitted for decision.[32]

On October 6, 2020, the Court directed the Court-commissioned ICPA to submit a soft copy of the annexes to the ICPA Report in Microsoft Word and/or Excel format pursuant to CTA *En Banc* Resolution No. 06-2013 dated May 28, 2013, within five (5) days from notice, and the Resolution dated July 15, 2020 was recalled and set aside.

In the Resolution dated November 20, 2020, the Court noted the Transmittal Memo and one (1) flash drive containing a soft copy of ICPA Report in Microsoft Word format, and its annexes in Microsoft Excel format filed by Mendoza Querido & Co. on November 16, 2020. In the same Resolution, the Court submitted anew the case for decision.

THE ISSUE

The main issue for consideration of the Court, as stipulated by the parties, is:

> Whether or not petitioner is entitled to its claim for refund of or issuance of TCC for excess or unutilized input VAT in the amount of ₱31,681,201.78 for the fourth (4th) quarter of CY 2013.[33]

PETITIONER'S ARGUMENTS[34]

According to petitioner, since its excess input VAT for the fourth (4th) quarter of CY 2013 in the amount of ₱31,681,201.78 was derived from its purchases of goods and services attributable to zero-rated sales of services for the same period, which to date has remained unutilized and/or unapplied against its output VAT liability, petitioner is

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[29] *Id.*
[30] CTA Docket Vol. XII, pp. 7442-7452.
[31] Records Verification dated July 6, 2020, CTA Docket Vol. XII, p. 7454.
[32] CTA Docket Vol. XII, p. 7456.
[33] Stipulated Issue, JSFI, CTA Docket Vol. V, p. 2473.
[34] Legal Bases, Petition for Review, CTA Docket Vol. I, pp. 13-15.

entitled to the refund of or issuance of TCC for said amount pursuant to Sections 108(B)(2) and 112(A), in relation to Section 110(B) of the National Internal Revenue Code (NIRC) of 1997, as amended.

RESPONDENT'S ARGUMENTS[35]

Respondent counters that the instant judicial claim should be denied for petitioner's failure to substantiate its claim for refund at the administrative level.

According to respondent, petitioner failed to submit complete supporting documents as mandated by Revenue Memorandum Circular (RMC) No. 54-2014. Hence, petitioner's allegation that it is entitled to refund or tax credit was not proved by sufficient evidence.

Furthermore, respondent insists that the instant judicial claim for refund or tax credit is not an original action but an appeal from unsuccessful administrative remedy. Considering that petitioner did not submit the complete documents required by RMC 54-2014 at the administrative level, it cannot cure the defect by submitting complete documents before the Court.

Finally, respondent avers that tax refunds partake the nature of tax exemptions, and are strictly construed against the claimant and in favor of the government.

THE COURT'S RULING

The CTA, as a court of record, may conduct a trial de novo and accept evidence not presented at the administrative level

At the outset, the Court finds it imperative to resolve the issue raised by respondent that the present judicial claim should be denied for petitioner's failure to substantiate its claim for refund at the administrative level.

The Court finds respondent's argument bereft of merit.

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[35] Discussion, Memorandum, CTA Docket Vol. XII, pp. 7443-7450.

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The issue of whether or not the non-submission of documents at the administrative level bars a taxpayer from submitting documents before this Court has been time and again raised by respondent. The Court has repeatedly ruled that the non-submission of complete supporting documents at the administrative level is not necessarily fatal to the claimant's judicial claim.

A taxpayer may present additional documents before the Court of Tax Appeals (CTA) to substantiate its claim for refund, albeit the same were not presented at the administrative level. Republic Act (RA) No. 1125, as amended, provides that the CTA is a court of record, *viz.:*

> "Section 8. *Court of record; seal; proceedings.* - **The Court of Tax Appeals shall be a court of record** and shall have a seal which shall be judicially noticed. It shall prescribe the form of its writs and other processes. It shall have the power to promulgate rules and regulations for the conduct of the business of the Court, and as may be needful for the uniformity of decisions within its jurisdiction as conferred by law, but such proceedings shall not be governed strictly by technical rules of evidence." *(Boldfacing supplied.)*

Undeniably, cases filed before this Court are litigated *de novo,* and party-litigants are required to prove every minute aspect of their cases. The explicit pronouncement in *Philippine Airlines, Inc. vs. Commissioner of Internal Revenue*[36] that a taxpayer-claimant may present new and additional evidence before the CTA to support its case for tax refund is instructive:

> "The Commissioner contends that PAL failed to present several of its documentary evidence before the Bureau of Internal Revenue during the administrative level. Thus, she claims that the new evidence that petitioner presented in the Court of Tax Appeals should not have been considered because trial de novo in the Court of Tax Appeals must be limited to the evidence shown in the administrative claim.
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> This Court rules that the **Court of Tax Appeals is not limited by the evidence presented in the administrative claim in the Bureau of Internal Revenue.** The claimant may present new and additional evidence to the Court of Tax Appeals to support its case for tax refund.
>
> Section 4 of the National Internal Revenue Code states that the Commissioner has the power to decide on tax refunds, but his or her decision is subject to the exclusive appellate jurisdiction of the Court of Tax Appeals:

[36] G.R. Nos. 206079-80 and 206309, January 17, 2018.

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Republic Act No. 9282, Republic Act No. 1125, is the governing law on the jurisdiction of the Court of Tax Appeals. Section 7 provides that the Court of Tax Appeals has exclusive appellate jurisdiction over tax refund claims in case the Commissioner fails to act on them:

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This means that while the Commissioner has the right to hear a refund claim first, if he or she fails to act on it, it will be treated as a denial of the refund, and the Court of Tax Appeals is the only entity that may review this ruling.

The power of the Court of Tax Appeals to exercise its appellate jurisdiction does not preclude it from considering evidence that was not presented in the administrative claim in the Bureau of Internal Revenue. Republic Act No. 1125 states that the Court of Tax Appeals is a court of record:

> Section 8. Court of record; seal; proceedings. – The Court of Tax Appeals shall be a court of record and shall have a seal which shall be judicially noticed. It shall prescribe the form of its writs and other processes. It shall have the power to promulgate rules and regulations for the conduct of the business of the Court, and as may be needful for the uniformity of decisions within its jurisdiction as conferred by law, but such proceedings shall not be governed strictly by technical rules of evidence.

As such, **parties are expected to litigate and prove every aspect of their case anew and formally offer all their evidence. No value is given to documentary evidence submitted in the Bureau of Internal Revenue unless it is formally offered in the Court of Tax Appeals. Thus, the review of the Court of Tax Appeals is not limited to whether or not the Commissioner committed gross abuse of discretion, fraud, or error of law, as contended by the Commissioner. As evidence is considered and evaluated again, the scope of the Court of Tax Appeals' review covers factual findings.**" *(Boldfacing supplied.)*

The Court is not barred from receiving, evaluating and appreciating evidence submitted before it. Once the claim for refund has been elevated to the Court, the admissibility, materiality, relevance, probative value and weight of evidence presented to substantiate the claim become subject to the relevant provisions of the Rules of Court.

In fine, in determining petitioner's entitlement to its claim for refund, this Court may consider all pieces of exhibits formally offered before it during trial, which were admitted in evidence.

Discussion on the merits of the case

Section 112 of the NIRC of 1997, as amended, specifies the legal basis in a claim for refund or issuance of a tax credit certificate of input VAT, including the taxpayer's remedy of appeal to this Court, in case of an adverse decision or inaction of the CIR, *viz.:*

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

Based on the aforequoted provisions of law, a claimant must satisfy the following requisites in order to be entitled to a refund or tax credit of unutilized input VAT attributable to zero-rated sales:

1. The administrative and judicial claims were filed within the prescribed period;

2. The taxpayer-claimant must be VAT-registered;

3. There must be zero-rated or effectively zero-rated sales;

4. The input VAT were incurred or paid;

5. The input VAT are attributable to zero-rated or effectively zero-rated sales; and,

6. The input VAT were not applied against any output VAT liability.

First Requisite: The administrative and judicial claims were filed on time

Section 112(A) of the NIRC of 1997, as amended, specifically requires that a taxpayer's application for refund or issuance of TCC of unutilized and/or excess input VAT, which are attributable to its zero-rated sales, must be made within two (2) years after the close of the taxable quarter when the sales were made.

Since the present claim covers the fourth (4^{th}) quarter of CY 2013, petitioner had two (2) years after the close of the taxable quarter on December 31, 2013 or until **December 31, 2015**, within which to file its claim for refund. Petitioner's administrative claim for refund or issuance of TCC for the fourth (4^{th}) quarter of CY 2013 was filed on **September 1, 2015**. Thus, the same was timely filed.

Anent the timeliness of petitioner's judicial claim for refund or issuance of TCC, Section 11 of Republic Act (RA) No. 1125,[37] as amended by RA No. 9282,[38] provides the period of limitation within which to appeal before this Court, *viz.*:

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[37] An Act Creating the Court of Tax Appeals.
[38] An Act Expanding the Jurisdiction of the Court of Tax Appeals (CTA), Elevating Its Rank to the Level of a Collegiate Court with Special Jurisdiction and Enlarging its Membership Amending for the Purpose Certain Sections of Republic Act No. 1125, as amended, otherwise known as the Law Creating the Court of Tax Appeals, and for Other Purposes.

> "SEC. 11. *Who May Appeal; Mode of Appeal; Effect of Appeal.* - **Any party adversely affected by a decision, ruling or inaction of the Commissioner of Internal Revenue**, the Commissioner of Customs, the Secretary of Finance, the Secretary of Trade and Industry or the Secretary of Agriculture or the Central Board of Assessment Appeals or the Regional Trial Courts **may file an appeal with the CTA within thirty (30) days** after the receipt of such decision or ruling or **after the expiration of the period fixed by law for action** as referred to in Section 7(a)(2) herein.
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> Appeal should be made by filing a petition for review under a procedure analogous to that provided for under Rule 42 of the 1997 Rules of Civil Procedure with the CTA **within thirty (30) days** from the receipt of the decision or ruling or **in the case of inaction as herein provided, from the expiration of the period fixed by law to act thereon.** xxx" *(Boldfacing supplied)*

In relation to the foregoing, Section 112(C) of the NIRC of 1997, as amended, provides that the taxpayer affected by denial or inaction of the CIR on its administrative claim may, within thirty (30) days from the receipt of the decision denying the claim or after the expiration of the one hundred twenty day (120)-period from the submission of complete documents, appeal the decision or the unacted claim with the Court of Tax Appeals.

As aforementioned, on September 1, 2015, petitioner filed its administrative claim for refund or issuance of TCC representing its unutilized input VAT for the fourth (4^{th}) quarter of CY 2013 in the amount of ₱31,681,201.78. Counting the 120-day period from September 1, 2015, respondent had until December 30, 2015 to act on the claim. Alleging inaction on the part of respondent, petitioner had thirty (30) days from expiration of the 120-day period on December 30, 2015 or until January 29, 2016 within which to file its judicial claim. Hence, the filing of the present Petition for Review on January 4, 2016 was timely made.

Second Requisite: Petitioner is a VAT-registered entity

Petitioner is registered with the BIR as a VAT-registered entity on June 16, 2005, with registered office address at Net Quad Center, 31^{st} St. corner 4^{th} Avenue, E-Square Zone Crescent Park West, Bonifacio Global City, Taguig City bearing Tax Identification Number 238-763-115-000 as stated on its Certificate of Registration[39] with OCN No. 9RC0000270209 issued by the BIR. Hence, the second requisite was complied with.

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[39] Exhibit "P-2", CTA Docket, Vol. VI, p. 2859.

Third Requisite: Petitioner had zero-rated sales during the subject period but only in the amount of ₱1,130,802,485.20

Petitioner claims that during the fourth (4th) quarter of CY 2013, sales were made to persons engaged in business conducted outside the Philippines. The services are claimed to be transactions subject to zero percent (0%) VAT in accordance with Section 108(B)(2) of the NIRC of 1997, as amended, *viz.*:

> "SEC. 108. *Value-added Tax on Sale of Services and Use or Lease of Properties.* –
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> xxx xxx xxx
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> "(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);
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> (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);"** *(Emphases supplied)*

In order for a sale or supply of service to be subjected to zero percent (0%) VAT, certain requirements must be met under Section 108(B)(2) of the NIRC of 1997, as amended, to wit:

1) The services fall within any of the categories under Section 108(B)(2),[40] or that the services rendered were other than "processing, manufacturing or repacking goods";[41]

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[40] *Commissioner of Internal Revenue vs. American Express International, Inc. (Philippine Branch)*, G.R. No. 152609, June 29, 2005.
[41] *Commissioner of Internal Revenue vs. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.*, G.R. No. 153205, January 22, 2007.

2) The service was performed in the Philippines[42] by a VAT-registered person;

3) The recipient of the services is a foreign corporation, and the said corporation is doing business outside the Philippines, or is a non-resident person not engaged in business who is outside the Philippines when the services were performed;[43] and,

4) The payment for such services was made in acceptable foreign currency accounted for in accordance with BSP rules.[44]

1) Petitioner rendered "services other than processing, manufacturing or repacking goods"

Petitioner is licensed by the SEC to do business as a Regional Operating Headquarters (ROHQ) in the Philippines, pursuant to the Omnibus Investment Code of 1987, as amended by R.A. No. 8756 and its implementing rules and regulations. Under its Certificate of Registration and License duly issued by the SEC,[45] petitioner is authorized to engage in the following services or functions: 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.

Thus, it can be said that the foregoing services fall within the scope of "services other than processing, manufacturing or repacking of goods".

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[42] *Commissioner of Internal Revenue vs. American Express International, Inc. (Philippine Branch)*, G.R. No. 152609, June 29, 2005; *Commissioner of Internal Revenue vs. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.*, G.R. No. 153205, January 22, 2007.

[43] *Sitel Philippines Corporation (Formerly Clientlogic Phils. Inc.) vs. Commissioner of Internal Revenue*, G.R. No. 201326, February 8, 2017; *Commissioner of Internal Revenue vs. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.*, G.R. No. 153205, January 22, 2007; *Accenture, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 190102, July 11, 2012.

[44] *Commissioner of Internal Revenue vs. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.*, G.R. No. 153205, January 22, 2007.

[45] Exhibits "P-1", CTA Docket, Vol. I, p. 167.

2) Petitioner proved that its services were performed in the Philippines

Petitioner presented Ms. Rachel Concepcion, its Legal Entity Controller, to prove, among others, that it rendered services in the Philippines to its non-resident foreign clients.[46] Pertinent portion of Ms. Concepcion's testimony by way of her Sworn Statement[47] is quoted hereunder:

> "Q24: How did Petitioner incur the input VAT credits which are the subject of the present claim of refund?
>
> A: Petitioner purchased goods and services in the course of **rendering services in the Philippines** as a shared services center to clients engaged in business conducted outside the Philippines. These clients are all part of the Deutsche Bank Aktiengesellschaft Group (DB Group).
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> xxx xxx xxx
>
> Q32: What is the relevance of Exhibits "P-6" to "P-6.60" to Petitioner's claim for refund?
>
> A: These documents show that Petitioner, with office address in the Philippines, **rendered services within the Philippines** to foreign clients operating outside the Philippines. In turn, Petitioner's foreign clients paid Petitioner for the services rendered in the Philippines."[48] *(Boldfacing supplied)*

The records of the case does not show that Ms. Concepcion was disqualified to testify or her Sworn Statement or any of her answers therein were striken on the ground of inadmissibility in accordance with Section 6[49] of the Judicial Affidavit Rule (A.M. No. 12-8-8-SC dated September 4, 2012). Although respondent cross-examined Ms. Concepcion pursuant to Section 7 of the Judicial Affidavit Rule,[50] the

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[46] Submission dated October 14, 2016, CTA Docket Vol. I, pp. 133-135; Transcript of Stenographic Notes dated March 6, 2017, p. 3.
[47] Sworn Statement of Ms. Rachel Concepcion to Questions Propounded by Atty. Ma. Carmela A. Esquivias; Exhibit "P-38", CTA Docket Vol. I, pp. 136-165.
[48] Exhibit "P-38" to "P-38-a", CTA Docket, Vol. I, pp. 136-165.
[49] Section 6. *Offer of and objections to testimony in judicial affidavit.* - The party presenting the judicial affidavit of his witness in place of direct testimony shall state the purpose of such testimony at the start of the presentation of the witness. **The adverse party may move to disqualify the witness or to strike out his affidavit or any of the answers found in it on ground of inadmissibility.** The court shall promptly rule on the motion and, if granted, shall cause the marking of any excluded answer by placing it in brackets under the initials of an authorized court personnel, without prejudice to a tender of excluded evidence under Section 40 of Rule 132 of the Rules of Court.
[50] Section 7. *Examination of the witness on his judicial affidavit.* - The adverse party shall have the right to cross-examine the witness on his judicial affidavit and on the exhibits attached to the same. The party who presents the witness may also examine him as on re-direct. In every case, the court

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cross-examination did not dwell on her testimony that petitioner rendered services in the Philippines. Respondent's failure to object to the evidence offered by petitioner renders the same admissible, and this Court cannot, on its own, disregard such evidence.[51]

Truth to tell, the aforesaid Sworn Statement of Ms. Concepcion was likewise offered as documentary exhibit and the same was admitted in evidence in the Resolution dated September 7, 2018.[52]

The foregoing unrebutted testimony of Ms. Concepcion that petitioner rendered services in the Philippines is given full weight and credence. Jurisprudence has it that an unrebutted testimony is enough evidence,[53] and sufficient to establish a basis for the court's award.[54] Tax refund case is civil in nature,[55] and only a preponderance of evidence is needed to grant a claim for tax refund based on excess payment.[56]

3) Petitioner failed to prove that all of its clients for CY 2013 are non-resident foreign corporations (NRFCs) doing business outside the Philippines

To prove that its clients are non-resident foreign corporations doing business outside the Philippines, petitioner presented the following documents:

1. SEC Certificate of Non-Registration of Company;[57]
2. IntraGroup Service Agreeements;[58] and,
3. Foreign Business Registration Documents.[59]

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shall take active part in examining the witness to determine his credibility as well as the truth of his testimony and to elicit the answers that it needs for resolving the issues.

[51] *Asian Construction and Development Corporation vs. COMFAC Corporation,* G.R. No. 163915, October 12, 2006.

[52] CTA Docket Vol. 12, pp. 7309-7315.

[53] *Bienvenido Yap vs. The Solicitor General*, G.R. No. L-1602, September 8, 1942.

[54] *People of the Philippines vs. Elrosell Manzano y Brebonera @ Boy Ulo*, G.R. No. 138303, November 26, 2001.

[55] Philippine Phosphate Fertilizer Corporation vs. Commissioner of Internal Revenue, G.R. No. 141973, June 28, 2005.

[56] Southern Philippines Power Corporation vs. Commissioner of Internal Revenue, G.R. No. 179632, October 19, 2011.

[57] Exhibits "P-5" to "P-5.61", CTA Docket, Vol. VI, pp. 2916-2980

[58] Exhibits "P-6" to "P-6.61", CTA Docket, Vols. VI-VIII, pp. 2981-5529.

[59] Exhibits "P-7" to "P-7.11", CTA Docket, Vol. VIII, pp. 5530-5692; Exhibits "P-8" to "P-8.62", CTA Docket, Vol. VIII-XII, pp. 5693-7239.

Each of the aforesaid documents, standing alone, is however inadequate to prove that petitioner's client is a non-resident foreign corporation doing business outside the Philippines.

The SEC Certificates of Non-Registration only show that the named entities therein are not registered corporations/partnerships in the Philippines, but the same do not prove that such entities are doing business outside the Philippines.

On the other hand, the Certificates/Articles of Foreign Incorporation/Registration, Tax Residence Certificates, and Screenshot of US SEC Website only prove that the entities named/stated therein were incorporated/organized/domiciled abroad but do not necessarily establish that such entities are not doing business in the Philippines.

Meanwhile, the IntraGroup Service Agreements only show the names and addresses/places of incorporation/registration of petitioner's clients to whom it renders services but they do not, on their own, establish that such clients are non-resident foreign corporations doing business outside the Philippines. As declared in *Sitel Philippines Corporation (formerly Clientlogic Phils., Inc.) vs. Commissioner of Internal Revenue*,[60] service agreements do not prove that the foreign clients were doing business outside the Philippines or have a continuity of commercial dealings outside the Philippines.

To be considered as an NRFC doing business outside the Philippines, each entity must be supported, at the very least, by **BOTH**: **(1) SEC Certificate of Non-Registration of Corporation/Partnership; AND (2) proof of foreign incorporation/registration** (*i.e.*, Certificate/Articles of Foreign Incorporation/Association or printed screenshots of the US SEC Website showing the state/province/country where the entity was organized,[61] or Tax Residence Certificate[62]).

The following table shows the clients of petitioner which shall be accorded NRFC status as supported by their respective SEC Certification of Non-Registration of Company and proof of foreign incorporation/registration, *i.e.*, certificate of registration/articles of incorporation:

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[60] G.R. No. 201326, February 8, 2017.
[61] *Commissioner of Internal Revenue vs. CITCO International Support Services Limited-Philippine ROHQ*, CTA EB No. 2015, November 29, 2019.
[62] *Chevron Holdings, Inc. vs. Commissioner of Internal Revenue*, CTA Case No. 8946, March 14, 2018.

Clients	SEC Certification of Non-Registration of Company	Business Registration Document
Deutsche Asia Pacific Holdings Pte Ltd	P-5.6	P-7
Deutsche Bank (Malaysia) Berhad	P-5.10	P.7.1
Deutsche Bank Aktiengesellschaft, Filiale New York	P-5.25	P-7.4
Deutsche Bank Aktiengesellschaft, Filiale Seoul	P-5.28	P.7.5
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-5.32	P-7.7
Deutsche Bank Securities Inc.	P-5.36	P-7.8
Deutsche Securities Inc.	P-5.44	P-7.10
DB Consorzio S. Cons. a. r. l.	P-5	P-8
DB Energy Trading LLC	P-5.1	P-8.1
DB International (Asia) Limited	P-5.2	P-8.2
DB Service Centre Limited	P-5.3	P-8.3
DB Services New Jersey, Inc.	P-5.4	P-8.4
Deutsche Asset Management (Hong Kong) Limited	P-5.7	P.8.7
Deutsche Asset Management (Korea) Company Limited	P-5.8	P-8.8
Deutsche Bank (Suisse) SA	P-5.11	P-8.11
Deutsche Bank Aktiengesellschaft, Filiale Hongkong	P-5.19	P-8.19
Deutsche Bank Aktiengesellschaft, Filiale Johannesburg	P-5.21	P-8.21
Deutsche Bank Aktiengesellschaft, Filiale Labuan	P-5.22	P-8.22
Deutsche Bank Aktiengesellschaft, Filiale London	P-5.23	P-8.23
Deutsche Bank Aktiengesellschaft, Filiale Singapur	P-5.29	P-8.29
Deutsche Bank Luxembourg S.A.	P-5.33	P-8.33
Deutsche Bank Netherland N.V.	P-5.34	P-8.34
Deutsche Bank Trust Company Americas	P-5.38	P-8.38
Deutsche Bank Trust Corporation	P-5.39	P-8.39
Deutsche Group Services Pty Limited	P-5.41	P-8.41
Deutsche Investment Management Americas Inc.	P-5.42	P-8.42
Deutsche New Zealand Limited	P-5.43	P-8.43
Deutsche Securities Korea Co.	P-5.45	P-8.45
DWS Holding & Service GmbH	P-5.47	P-8.47
RREEF Management L.L.C.	P-5.52	P-8.52
DB Alternative Trading Inc.	P-5.54	P-8.54
DB Investment Partners, Inc.	P-5.55	P-8.55
DeAWM Service Company	P-5.56	P-8.56
Deutsche Bank National Trust Company	P-5.58	P-8.58
Deutsche Asset Management Group Limited	P-5.59	P-8.59
Deutsche Bank Trust Company Delaware	P-5.62	P-8.62

On the other hand, the following clients of petitioner shall not be accorded NRFC status due to defects in the submitted foreign business registration documents, *i.e.*, certificates of registration/articles of incorporation not in the English language for which the Court cannot ascertain their truthfulness and veracity, certificates of registration/articles of incorporation that pertain to a

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different entity, and those which are not supported by any foreign business registration document, to wit:

Clients	SEC Certification of Non-Registration of Company	Business Registration Document
DBOI Global Services Private Limited	P-5.5	P-8.5
Deutsche Bank (China) Co., Ltd., Shanghai Branch	P-5.9	P-8.9
DEUTSCHE BANK A.S.	P-5.12	P-8.12
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	P-5.13	P-8.13
Deutsche Bank Aktiengesellschaft, Filiale Abu Dhabi	P-5.14	P-8.14
Deutsche Bank Aktiengesellschaft, Filiale Amsterdam	P-5.15	P-8.15
Deutsche Bank Aktiengesellschaft, Filiale Bangkok	P-5.16	P-8.16
Deutsche Bank Aktiengesellschaft, Filiale Brüssel	P-5.17	P-8.17
Deutsche Bank Aktiengesellschaft, Filiale Dubai (DIFC)	P-5.18	P-8.18
Deutsche Bank Aktiengesellschaft, Filiale Jakarta	P-5.20	P-8.20
Deutsche Bank Aktiengesellschaft, Filiale Mumbai	P-5.24	P-8.24
Deutsche Bank Aktiengesellschaft, Filiale Paris	P-5.26	P-8.26
Deutsche Bank Aktiengesellschaft, Filiale Prag	P-5.27	P-8.27
Deutsche Bank Aktiengesellschaft, Filiale Wien	P-5.30	P-8.30
Deutsche Bank Aktiengesellschaft, Filiale Zürich	P-5.31	P-8.31
Deutsche Bank Polska Spólka Akcyjna	P-5.35	P-8,35
Deutsche Bank Società per Azioni	P-5.37	P-8.37
Deutsche Bank, Sociedad Anónima Española	P-5.40	P-8.40
Deutsche Trustees Malaysia Berhad	P-5.46	P-8.46
DWS Investment S.A.	P-5.48	P-8.48
OOO Deutsche Bank	P-5.49	P-8.49
PT. Deutsche Securities Indonesia	P-5.50	P-8.50
RREEF Management GmbH	P-5.51	P-8.51
Bankers International Corporation	P-5.53	P-8.53
Deutsche Bank Aktiengesellschaft, Filiale Mainland	P-5.57	P-8.57
Deutsche Bank Aktiengesellschaft, Filiale Cayman Islands	P-5.60	None
Deutsche Bank PGK AG	P-5.61	None
Deutsche Bank Privat Und Geschaftskunden Aktieng	P-5.63	P-8.61
DWS Investments Service Company	P-5.64	None

Thus, the alleged zero-rated sales made to the abovementioned clients in the total amount of ₱179,148,317.17 shall be disallowed by the Court, broken down as follows:

CLIENT	OR NO.	OR DATE	AMOUNT
Deutsche Bank Aktiengesellschaft, Filiale Jakarta	4822	10/2/13	₱ 418,583.63
Deutsche Bank Aktiengesellschaft, Filiale Jakarta	4823	10/2/13	418,583.63
Deutsche Bank Aktiengesellschaft, Filiale Cayman Islands	4830	10/7/13	26,831.56
Deutsche Bank Aktiengesellschaft, Filiale Zürich	4831	10/7/13	185,567.52
DWS Investment S.A.	4832	10/7/13	281,766.77
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	4837	10/7/13	49,660,612.12

OOO Deutsche Bank	4839	10/8/13	119,917.63
DEUTSCHE BANK A.S.	4840	10/9/13	71,718.98
Deutsche Bank Aktiengesellschaft, Filiale Amsterdam	4841	10/9/13	3,196.95
Deutsche Bank Aktiengesellschaft, Filiale Cayman Islands	4843	10/9/13	23,000.18
Deutsche Bank Aktiengesellschaft, Filiale Wien	4845	10/9/13	17,258.74
Deutsche Bank (China) Co., Ltd., Shanghai Branch	4846	10/9/13	946,708.46
Deutsche Bank (China) Co., Ltd., Shanghai Branch	4846	10/9/13	(1,058,487.27)
Deutsche Bank (China) Co., Ltd., Shanghai Branch	4846	10/9/13	901,038.38
Deutsche Bank (China) Co., Ltd., Shanghai Branch	4846	10/9/13	901,038.38
Deutsche Bank (China) Co., Ltd., Shanghai Branch	4846	10/9/13	959,391.17
Deutsche Bank Aktiengesellschaft, Filiale Mumbai	4851	10/11/13	(4,507,985.18)
Deutsche Bank Aktiengesellschaft, Filiale Mumbai	4851	10/11/13	11,864,772.87
Deutsche Bank Aktiengesellschaft, Filiale Abu Dhabi	4854	10/11/13	563.79
Bankers International Corporation	4855	10/16/13	13,631,285.47
Deutsche Bank Polska Spólka Akcyjna	4857	10/17/13	8,678.71
Deutsche Bank Aktiengesellschaft, Filiale Prag	4858	10/18/13	17,426.89
Deutsche Bank Aktiengesellschaft, Filiale Bangkok	4862	10/18/13	450,166.19
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	4866	10/21/13	13,014,972.21
Deutsche Bank Aktiengesellschaft, Filiale Amsterdam	4868	10/23/13	382,884.97
Deutsche Bank Società per Azioni	4871	10/23/13	290,857.20
Deutsche Bank PGK AG	4873	10/23/13	114,643.67
Deutsche Bank Aktiengesellschaft, Filiale Cayman Islands	4879	10/23/13	26,169.20
Deutsche Trustees Malaysia Berhad	4881	10/24/13	42,358.64
Deutsche Bank Aktiengesellschaft, Filiale Paris	4887	10/25/13	247,341.94
Deutsche Bank Aktiengesellschaft, Filiale Dubai (DIFC)	4891	10/29/13	280.76
PT. Deutsche Securities Indonesia	4892	10/31/13	34,575.36
Deutsche Bank Aktiengesellschaft, Filiale Dubai (DIFC)	4895	11/4/13	172,876.56
OOO Deutsche Bank	4896	11/4/13	115,256.50
DEUTSCHE BANK A.S.	4897	11/5/13	(30,156.08)
DEUTSCHE BANK A.S.	4897	11/5/13	70,771.02
DEUTSCHE BANK A.S.	4897	11/5/13	(84,539.29)
DEUTSCHE BANK A.S.	4897	11/5/13	71,591.96
DEUTSCHE BANK A.S.	4897	11/5/13	71,591.96
DEUTSCHE BANK A.S.	4897	11/5/13	71,591.96
DEUTSCHE BANK A.S.	4897	11/5/13	71,837.40
DEUTSCHE BANK A.S.	4897	11/5/13	71,718.98
DEUTSCHE BANK A.S.	4897	11/5/13	68,921.73
Deutsche Bank Aktiengesellschaft, Filiale Dubai (DIFC)	4901	11/25/13	270.78
Deutsche Bank Aktiengesellschaft, Filiale Brüssel	4902	11/6/13	106,915.80
Deutsche Bank Aktiengesellschaft, Filiale Brüssel	4903	11/6/13	415,916.47

Deutsche Bank Aktiengesellschaft, Filiale Brüssel	4904	11/6/13	775,800.98
Deutsche Bank Polska Spólka Akcyjna	4908	11/8/13	8,896.91
Deutsche Bank Polska Spólka Akcyjna	4908	11/8/13	8,912.55
Deutsche Bank Polska Spólka Akcyjna	4908	11/8/13	8,912.55
Deutsche Bank Polska Spólka Akcyjna	4908	11/8/13	8,912.55
RREEF Management GmbH	4910	11/11/13	1,345,472.46
DWS Investment S.A.	4915	11/11/13	282,995.97
Deutsche Bank Aktiengesellschaft, Filiale Bangkok	4916	11/12/13	1,711,489.60
Deutsche Bank Aktiengesellschaft, Filiale Bangkok	4916	11/12/13	1,956,506.91
Deutsche Bank Aktiengesellschaft, Filiale Bangkok	4916	11/12/13	1,347,236.55
Deutsche Bank Aktiengesellschaft, Filiale Bangkok	4917	11/12/13	1,037,583.88
Deutsche Bank Aktiengesellschaft, Filiale Bangkok	4917	11/12/13	811,268.73
Deutsche Bank Aktiengesellschaft, Filiale Bangkok	4917	11/12/13	3,976.13
Deutsche Bank Aktiengesellschaft, Filiale Bangkok	4917	11/12/13	1,550,259.28
Deutsche Bank Aktiengesellschaft, Filiale Bangkok	4917	11/12/13	2,754.28
Deutsche Bank Aktiengesellschaft, Filiale Bangkok	4917	11/12/13	1,008,859.09
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	4919	11/12/13	12,934,588.05
Deutsche Bank Aktiengesellschaft, Filiale Wien	4926	11/13/13	17,362.78
RREEF Management GmbH	4934	11/15/13	1,355,444.12
Deutsche Bank Aktiengesellschaft, Filiale Amsterdam	4935	11/15/13	379,087.90
Deutsche Bank, Sociedad Anónima Española	4939	11/18/13	695,874.67
Deutsche Bank, Sociedad Anónima Española	4940	11/18/13	695,874.67
Deutsche Bank Aktiengesellschaft, Filiale Dubai (DIFC)	4941	11/18/13	173,968.67
Deutsche Bank Società per Azioni	4946	11/19/13	289,211.81
Deutsche Bank Aktiengesellschaft, Filiale Mainland	4947	11/19/13	243,874.24
Deutsche Bank Aktiengesellschaft, Filiale Mainland	4947	11/19/13	41,953.93
Deutsche Bank Polska Spólka Akcyjna	4951	11/20/13	3,564.33
Deutsche Bank Polska Spólka Akcyjna	4951	11/20/13	477.61
Deutsche Bank Polska Spólka Akcyjna	4951	11/20/13	(812.77)
Deutsche Bank Polska Spólka Akcyjna	4951	11/20/13	168.46
Deutsche Bank Polska Spólka Akcyjna	4951	11/20/13	5,934.05
Deutsche Bank Polska Spólka Akcyjna	4951	11/20/13	9,270.22
Deutsche Bank Polska Spólka Akcyjna	4951	11/20/13	9,880.82
Deutsche Bank Polska Spólka Akcyjna	4951	11/20/13	8,566.22
Deutsche Bank Polska Spólka Akcyjna	4951	11/20/13	11,378.67
Deutsche Bank Polska Spólka Akcyjna	4951	11/20/13	11,597.37
Deutsche Bank Polska Spólka Akcyjna	4951	11/20/13	8,033.63
Deutsche Bank Polska Spólka Akcyjna	4951	11/20/13	4,560.92
Deutsche Bank Polska Spólka Akcyjna	4951	11/20/13	6,810.06
Deutsche Bank Polska Spólka Akcyjna	4951	11/20/13	7,690.21

Deutsche Bank Polska Spólka Akcyjna	4951	11/20/13	(8,577.45)
Deutsche Bank Polska Spólka Akcyjna	4951	11/20/13	4,396.01
Deutsche Bank PGK AG	4952	11/20/13	93,070.27
Deutsche Bank Aktiengesellschaft, Filiale Bangkok	4955	11/20/13	451,553.40
Deutsche Bank Aktiengesellschaft, Filiale Jakarta	4958	11/20/13	416,592.22
Deutsche Bank Aktiengesellschaft, Filiale Paris	4959	11/21/13	243,797.68
RREEF Management GmbH	4961	11/22/13	1,391,467.34
Deutsche Bank Aktiengesellschaft, Filiale Zürich	4966	11/25/13	180,881.26
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	4968	11/25/13	54,956,097.52
Deutsche Bank Polska Spólka Akcyjna	4971	11/26/13	8,761.35
Deutsche Bank Aktiengesellschaft, Filiale Prag	4973	11/28/13	3,587.74
Deutsche Bank Aktiengesellschaft, Filiale Prag	4973	11/28/13	(2,076.16)
Deutsche Bank Aktiengesellschaft, Filiale Prag	4973	11/28/13	480.67
Deutsche Bank Aktiengesellschaft, Filiale Prag	4973	11/28/13	(817.96)
Deutsche Bank Aktiengesellschaft, Filiale Prag	4973	11/28/13	169.54
Deutsche Bank Aktiengesellschaft, Filiale Prag	4973	11/28/13	4,635.93
Deutsche Bank Aktiengesellschaft, Filiale Prag	4973	11/28/13	3,211.78
Deutsche Bank Aktiengesellschaft, Filiale Prag	4973	11/28/13	1,847.11
Deutsche Bank Aktiengesellschaft, Filiale Prag	4973	11/28/13	2,727.54
Deutsche Bank Aktiengesellschaft, Filiale Prag	4973	11/28/13	3,080.31
Deutsche Bank Aktiengesellschaft, Filiale Prag	4973	11/28/13	(3,578.22)
Deutsche Bank Aktiengesellschaft, Filiale Prag	4973	11/28/13	1,704.94
PT. Deutsche Securities Indonesia	4974	11/29/13	35,185.57
DBOI Global Services Private Limited	4975	12/3/13	9,606.13
DBOI Global Services Private Limited	4975	12/3/13	3,282.46
DBOI Global Services Private Limited	4975	12/3/13	11,080.27
DBOI Global Services Private Limited	4975	12/3/13	614,152.80
DBOI Global Services Private Limited	4975	12/3/13	553,912.93
DBOI Global Services Private Limited	4975	12/3/13	(220,417.17)
DBOI Global Services Private Limited	4975	12/3/13	301,122.17
DBOI Global Services Private Limited	4975	12/3/13	301,122.17
DBOI Global Services Private Limited	4975	12/3/13	143,828.77
DBOI Global Services Private Limited	4975	12/3/13	301,122.17
DBOI Global Services Private Limited	4975	12/3/13	301,594.31
DBOI Global Services Private Limited	4975	12/3/13	301,594.31
Deutsche Bank Aktiengesellschaft, Filiale Cayman Islands	4976	12/3/13	6,585.32
DBOI Global Services Private Limited	4977	12/3/13	160,616.55
DBOI Global Services Private Limited	4977	12/3/13	697,116.97
DBOI Global Services Private Limited	4977	12/3/13	274,269.09
DBOI Global Services Private Limited	4977	12/3/13	293,284.88

DBOI Global Services Private Limited	4977	12/3/13	380,183.89
DBOI Global Services Private Limited	4977	12/3/13	405,783.59
DBOI Global Services Private Limited	4977	12/3/13	427,918.88
DBOI Global Services Private Limited	4977	12/3/13	366,294.81
Deutsche Bank Aktiengesellschaft, Filiale Amsterdam	4978	12/3/13	3,124.85
Deutsche Bank Aktiengesellschaft, Filiale Bangkok	4982	12/4/13	883,186.81
Deutsche Bank Aktiengesellschaft, Filiale Bangkok	4982	12/4/13	908,370.94
OOO Deutsche Bank	4984	12/5/13	117,748.84
DWS Investment S.A.	4986	12/9/13	293,877.28
Deutsche Bank Aktiengesellschaft, Filiale Abu Dhabi	4987	12/9/13	212,920.53
Deutsche Bank Aktiengesellschaft, Filiale Abu Dhabi	4987	12/9/13	391,336.23
Deutsche Bank Aktiengesellschaft, Filiale Abu Dhabi	4987	12/9/13	386,729.05
Deutsche Bank Aktiengesellschaft, Filiale Abu Dhabi	4987	12/9/13	659,622.83
Deutsche Bank Aktiengesellschaft, Filiale Abu Dhabi	4987	12/9/13	1,307,079.48
Deutsche Bank Aktiengesellschaft, Filiale Abu Dhabi	4987	12/9/13	324,362.02
Deutsche Bank Aktiengesellschaft, Filiale Abu Dhabi	4987	12/9/13	193,493.75
Deutsche Bank Aktiengesellschaft, Filiale Abu Dhabi	4987	12/9/13	999.27
Deutsche Bank Aktiengesellschaft, Filiale Abu Dhabi	4987	12/9/13	691.80
Deutsche Bank Aktiengesellschaft, Filiale Abu Dhabi	4987	12/9/13	382.52
Deutsche Bank Aktiengesellschaft, Filiale Abu Dhabi	4987	12/9/13	659.12
Deutsche Bank Aktiengesellschaft, Filiale Abu Dhabi	4987	12/9/13	(805.59)
Deutsche Bank Aktiengesellschaft, Filiale Abu Dhabi	4987	12/9/13	358.91
Deutsche Bank Aktiengesellschaft, Filiale Jakarta	4988	12/10/13	429,292.83
Deutsche Bank Aktiengesellschaft, Filiale Prag	4989	12/10/13	18,013.52
Deutsche Bank Polska Spółka Akcyjna	4990	12/11/13	(2,117.83)
Deutsche Bank Polska Spółka Akcyjna	4990	12/11/13	8,841.46
Deutsche Bank Polska Spółka Akcyjna	4990	12/11/13	3,930.42
Deutsche Bank Polska Spółka Akcyjna	4990	12/11/13	3,783.56
Deutsche Bank (China) Co., Ltd., Shanghai Branch	4991	12/11/13	997,577.25
Deutsche Bank Aktiengesellschaft, Filiale Mumbai	4992	12/12/13	552,611.92
Deutsche Bank Aktiengesellschaft, Filiale Mumbai	4992	12/12/13	552,611.91
Deutsche Bank Aktiengesellschaft, Filiale Mumbai	4992	12/12/13	531,056.27
Deutsche Bank Polska Spółka Akcyjna	4995	12/13/13	8,984.51
Deutsche Bank Aktiengesellschaft, Filiale Brüssel	4996	12/13/13	4,708.58
Deutsche Bank Aktiengesellschaft, Filiale Wien	4997	12/16/13	17,946.13
Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office	4999	12/16/13	13,394,229.20
Deutsche Bank Aktiengesellschaft, Filiale Dubai (DIFC)	5000	12/16/13	225.14
Deutsche Bank PGK AG	5007	12/17/13	-
Bankers International Corporation	5018	12/17/13	(28,408,432.08)
Deutsche Bank Aktiengesellschaft, Filiale Amsterdam	5027	12/17/13	2,608.52

Deutsche Bank Aktiengesellschaft, Filiale Paris	5030	12/18/13	253,235.86
Deutsche Bank Polska Spólka Akcyjna	5031	12/18/13	9,006.25
Deutsche Bank Aktiengesellschaft, Filiale Bangkok	5033	12/18/13	465,308.95
Deutsche Bank Polska Spólka Akcyjna	5038	12/19/13	8,984.04
Deutsche Bank Polska Spólka Akcyjna	5040	12/19/13	8,984.04
Deutsche Bank Aktiengesellschaft, Filiale Dubai (DIFC)	5043	12/23/13	179,461.18
Deutsche Bank Aktiengesellschaft, Filiale Prag	5044	12/23/13	17,946.00
Deutsche Bank Aktiengesellschaft, Filiale Brüssel	5045/5046	12/27/13	550,044.06
Total			**₱178,189,718.35**

4) Petitioner proved that its alleged zero-rated sales, except for the amount of ₱261,584.33, were paid for in US Dollars and were accounted for in accordance with the BSP Rules

For the services rendered to its affiliates for the fourth (4^{th}) quarter of CY 2013, petitioner was paid in US Dollars which were accounted for in accordance with BSP rules and regulations, as evidenced by the electronic print-outs of the inward remittances.[63] Considering that these documents attest to the fact of payment in acceptable foreign currency and accounted for in accordance with the rules and regulations of the BSP, petitioner is considered to have complied with the fourth requisite, except for the following which shall be disallowed considering that the proof of inward remittances does not show the equivalent amount in Philippine peso:

CLIENT	OR NO.	OR DATE	EXHIBIT – REMITTANCE	AMOUNT
DB Consorzio S. Cons. a. r. l.	4945	11/19/13	P-10-113B	₱ 261,584.33

5) Compliance with Invoicing Requirements

In addition to the four (4) requisites to be considered as valid zero-rated sales under Section 108(B)(2) of the NIRC of 1997, as amended, there is a need to determine petitioner's compliance with the invoicing requirements under the law and regulations.

Sections 113(A)(2), (B)(1), (2)(c) and (3) of the NIRC of 1997, as amended, provide that a VAT taxpayer shall, for every lease of goods

[63] Exhibits "P-10-1b" to "P-10-206b".

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;" *(Emphasis supplied)*

Sections 4.113-1(A)(2), (B)(1) and (2)(c) of Revenue Regulations (RR) No. 16-2005 likewise provide for the same invoicing requirements as found in the NIRC of 1997, as amended, to wit:

> "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 given to the buyer and the duplicated 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;" *(Emphasis supplied)*

Pursuant to the foregoing provisions, the zero-rated sales made by petitioner 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 non-resident foreign clients/affiliates and was paid in foreign currency duly accounted for in accordance with the rules and regulations of the BSP for the fourth (4th) quarter of CY 2013, petitioner presented its Schedule of Sales Transactions,[64] and the related official receipts,[65] sales invoices,[66] and bank inward remittances.[67]

Upon scrutiny of the abovementioned documents, the Court finds that out of the zero-rated sales in the amount of ₱1,462,453,544.50 declared per VAT return for the fourth (4th) quarter of CY 2013, sales amounting to ₱150,849,774.47 must be disallowed as they were not duly supported by VAT official receipts, *viz.:*

CLIENT	EXHIBIT	OR NO.	OR DATE	AMOUNT
Deutsche Bank Aktiengesellschaft, Filiale New York	P-10-8	4830	10/7/13	₱ 6,379,601.87
Deutsche Investment Management Americas Inc.	P-10-8	4830	10/7/13	287,778.71

[64] Exhibit "P-31".
[65] Exhibits "P-10-1" to "P-10-206".
[66] Exhibits "P-10-1a" to "P-10-206a".
[67] Exhibits "P-10-1b" to "P-10-206b".

DeAWM Service Company	P-10-8	4830	10/7/13	95,953.95
RREEF Management L.L.C.	P-10-8	4830	10/7/13	3,028.51
DB Alternative Trading Inc.	P-10-31	4855	10/16/13	4,214.25
DB Energy Trading LLC	P-10-31	4855	10/16/13	168,742.52
Deutsche Bank Securities Inc.	P-10-35	4859	10/18/13	7,091,385.83
Deutsche Bank Securities Inc.	P-10-35	4859	10/18/13	278,594.48
Deutsche Bank Securities Inc.	P-10-35	4859	10/18/13	283,613.99
Deutsche Bank Trust Company Americas	P-10-35	4859	10/18/13	381,890.61
DB Services New Jersey, Inc.	P-10-35	4859	10/18/13	685,566.76
Deutsche Bank Trust Company Delaware	P-10-35	4859	10/18/13	15,464,960.48
Deutsche Bank National Trust Company	P-10-35	4859	10/18/13	4,299.41
DB Investment Partners, Inc.	P-10-35	4859	10/18/13	378.32
Deutsche Bank Trust Company Americas	P-10-54	4879	10/23/13	1,156,561.36
DeAWM Service Company	P-10-54	4879	10/23/13	3,622.90
RREEF Management L.L.C.	P-10-54	4879	10/23/13	12,605.72
Deutsche Bank Aktiengesellschaft, Filiale New York	P-10-54	4879	10/23/13	27,151,298.88
Deutsche Bank Aktiengesellschaft, Filiale New York	P-10-59	4884	10/24/13	3,370,347.13
Deutsche Investment Management Americas Inc.	P-10-59	4884	10/24/13	1,380,530.07
RREEF Management L.L.C.	P-10-59	4884	10/24/13	70,487.70
DB Energy Trading LLC	P-10-59	4884	10/24/13	78,257.65
Deutsche Investment Management Americas Inc.	P-10-59	4884	10/24/13	299,406.62
DB Services New Jersey, Inc.	P-10-59	4884	10/24/13	3,050,187.77
DB Energy Trading LLC	P-10-59	4884	10/24/13	103,720.33
DB Energy Trading LLC	P-10-59	4884	10/24/13	29,423.95
Deutsche Asset Management (Korea) Company Limited	P-10-64	4889	10/29/13	286,279.89
Deutsche Bank Aktiengesellschaft, Filiale New York	P-10-82	4909	11/11/13	4,718,989.35
Deutsche Bank Aktiengesellschaft, Filiale New York	P-10-96	4927	11/13/13	27,056,437.19
Deutsche Bank Trust Company Americas	P-10-96	4927	11/13/13	1,659,957.52
RREEF Management L.L.C.	P-10-117	4950	11/20/13	662,126.72
Deutsche Investment Management Americas Inc.	P-10-129	4962	11/22/13	295,813.32
Deutsche Bank Trust Company Americas	P-10-129	4962	11/22/13	311,483.64
DB Investment Partners, Inc.	P-10-129	4962	11/22/13	49.72
DB Alternative Trading Inc.	P-10-132	4965	11/25/13	646.89
DB Energy Trading LLC	P-10-132	4965	11/25/13	117,975.89
DB Services New Jersey, Inc.	P-10-168	5001	12/12/13	729,587.90
Deutsche Bank Aktiengesellschaft, Filiale New York	P-10-185	5018	12/17/13	10,180,084.04
Deutsche Bank Trust Company Americas	P-10-185	5018	12/17/13	193,248.77
Deutsche Bank Trust Company Delaware	P-10-185	5018	12/17/13	1,775,526.93
Deutsche Investment Management Americas Inc.	P-10-185	5018	12/17/13	5,101,224.15
Deutsche Bank Trust Company Americas	P-10-185	5018	12/17/13	1,722,019.31
Deutsche Bank Aktiengesellschaft, Filiale New York	P-10-185	5018	12/17/13	28,087,086.14
Deutsche Asset Management (Korea) Company Limited	P-10-189	5029	12/20/13	(177,235.88)
Deutsche Asset Management (Korea) Company Limited	P-10-189	5029	12/20/13	292,013.21
Total				**₱ 150,849,774.47**

Further, the Court finds that the following amounts of zero-rated sales claimed by petitioner were higher than the amounts reflected in the bank inward remittances, thus, the difference of ₱2,349,982.15 should likewise be disallowed:

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CLIENT	EXHIBIT	AMOUNT REPORTED AS SALES	AMOUNT OF REMITTANCE	EXCESS CLAIM
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-3B	₱ 2,161,990.97	₱ 2,157,356.90	₱ 4,634.07
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-4B	3,589,786.04	3,582,091.60	7,694.44
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-5B	4,006,395.58	3,997,808.16	8,587.42
Deutsche Bank Luxembourg S.A.	P-10-7B	198,424.01	198,227.41	196.60
Deutsche Bank Aktiengesellschaft, Filiale Singapur	P-10-11B	41,057,438.68	41,014,005.62	43,433.06
Deutsche Bank Aktiengesellschaft, Filiale Hongkong	P-10-12B	33,526,553.93	33,491,087.50	35,466.43
Deutsche Bank Trust Corporation	P-10-19B	138,893.39	134,253.91	4,639.48
Deutsche New Zealand Limited	P-10-55B	45,372.51		
Deutsche New Zealand Limited	P-10-55B	90,682.76	134,564.04	1,491.23
Deutsche Securities Korea Co.	P-10-61B	352,004.92	351,950.25	54.67
Deutsche Bank Luxembourg S.A.	P-10-63B	193,533.54	280.76	193,252.78
Deutsche Bank Aktiengesellschaft, Filiale Seoul	P-10-65B	1,755,805.69	1,751,596.24	4,209.45
DB Services New Jersey, Inc.	P-10-68B	1,254,304.34	1,250,549.91	3,754.43
Deutsche Bank (Suisse) SA	P-10-73B	433,685.03	427,844.20	5,840.83
Deutsche Bank (Suisse) SA	P-10-74B	433,685.03	427,668.33	6,016.70
Deutsche Bank Netherland N.V.	P-10-79B	248,389.82	245,872.85	2,516.97
Deutsche Bank Luxembourg S.A.	P-10-80B	2,936.92		
Deutsche Bank Luxembourg S.A.	P-10-80B	(5,853.98)		
Deutsche Bank Luxembourg S.A.	P-10-80B	2,554.91		
Deutsche Bank Luxembourg S.A.	P-10-80B	2,259.35		
Deutsche Bank Luxembourg S.A.	P-10-80B	(4,516.36)		
Deutsche Bank Luxembourg S.A.	P-10-80B	2,441.59		
Deutsche Bank Luxembourg S.A.	P-10-80B	44,534.51		
Deutsche Bank Luxembourg S.A.	P-10-80B	16,118.59		
Deutsche Bank Luxembourg S.A.	P-10-80B	15,217.31		
Deutsche Bank Luxembourg S.A.	P-10-80B	20,681.68		
Deutsche Bank Luxembourg S.A.	P-10-80B	18,494.18		
Deutsche Bank Luxembourg S.A.	P-10-80B	16,845.81		
Deutsche Bank Luxembourg S.A.	P-10-80B	8,078.86		
Deutsche Bank Luxembourg S.A.	P-10-80B	49,104.03		
Deutsche Bank Luxembourg S.A.	P-10-80B	124,346.52	310,230.20	3,013.72
Deutsche Group Services Pty Limited	P-10-97B	4,316,252.41	4,310,409.68	5,842.73
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-99B	103,151,623.14		
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-99B	293,458.14		
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-99B	6,260,440.58	109,264,073.53	441,448.33
Deutsche Group Services Pty Limited	P-10-106B	20,768,371.40	20,766,628.04	1,743.36
Deutsche Bank Aktiengesellschaft, Filiale Hongkong	P-10-107B	25,904,042.24	25,862,436.95	41,605.29
Deutsche Bank Trust Company Delaware	P-10-111B	1,719,507.22	1,718,658.70	848.52
Deutsche Asset Management Group Limited	P-10-112B	80.20	80.16	0.04
Deutsche Bank Aktiengesellschaft, Filiale Singapur	P-10-116B	23,051,711.05		
Deutsche Bank Aktiengesellschaft, Filiale Singapur	P-10-116B	6,024,056.56	28,992,042.75	83,724.86
Deutsche Investment Management Americas Inc.	P-10-117B	5,213,932.93	5,183,018.43	30,914.50
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-120B	12,789,886.92	12,350,685.72	439,201.20
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-121B	13,960,100.33	13,886,654.94	73,445.39

Deutsche Bank Securities Inc.	P-10-123B	6,784,226.26	6,748,533.81	35,692.45
Deutsche Bank Netherland N.V.	P-10-124B	251,230.93	249,909.16	1,321.77
Deutsche Bank Aktiengesellschaft, Filiale Seoul	P-10-134B	1,752,858.29	1,751,166.84	1,691.45
DB Consorzio S. Cons. a. r. l.	P-10-136B	263,419.27	263,165.08	254.19
Deutsche Bank Aktiengesellschaft, Filiale Johannesburg	P-10-139B	175,420.65	175,397.87	22.78
Deutsche Bank Netherland N.V.	P-10-146B	704,579.12	703,646.50	932.62
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-147B	2,015,577.51	2,012,909.58	2,667.93
Deutsche Bank Netherland N.V.	P-10-148B	6,623.93	6,142.10	481.83
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-150B	(55,301.30)		
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-150B	460,670.17	403,754.69	1,614.18
DWS Holding & Service GmbH	P-10-152B	1,469,386.39	1,460,023.45	9,362.94
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-161B	118,998,405.60	118,914,236.33	84,169.27
Deutsche Bank Aktiengesellschaft, Filiale New York	P-10-168B	6,009,770.90	5,999,776.82	9,994.08
Deutsche Bank Aktiengesellschaft, Filiale Singapur	P-10-169B	28,662,821.99	28,620,316.67	42,505.32
Deutsche Bank Aktiengesellschaft, Filiale Hongkong	P-10-170B	35,708,284.97	35,655,331.63	52,953.34
Deutsche Securities Inc.	P-10-171B	15,084,667.09		
Deutsche Securities Inc.	P-10-171B	29,181,489.28	44,200,512.20	65,644.17
Deutsche Securities Inc.	P-10-172B	6,979,442.48	6,969,092.36	10,350.12
Deutsche Bank Luxembourg S.A.	P-10-174	50,623.82	50,548.74	75.08
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-175B	1,109,976.36	1,106,381.35	3,595.01
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-176B	2,050,145.96	2,043,505.91	6,640.05
Deutsche Bank Aktiengesellschaft, Filiale Hongkong	P-10-178B	6,014,624.71	5,995,144.47	19,480.24
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-180B	2,475,688.56	2,467,670.26	8,018.30
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-181B	2,050,145.96	2,043,505.91	6,640.05
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-182B	15,826,825.24	15,775,565.13	51,260.11
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-183B	2,475,688.56	2,467,670.26	8,018.30
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-184B	3,636,224.25		
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-184B	87,281,254.74		
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-184B	6,464,399.06	97,086,476.46	295,401.59
Deutsche Bank Aktiengesellschaft, Filiale Johannesburg	P-10-186B	179,947.39	179,108.43	838.96
Deutsche Group Services Pty Limited	P-10-188B	4,476,394.93	4,454,310.14	22,084.79
Deutsche Securities Korea Co.	P-10-192B	360,392.85		
Deutsche Securities Korea Co.	P-10-192B	360,392.85	718,207.17	2,578.53
DB Service Centre Limited	P-10-194B	16,782.09		
DB Service Centre Limited	P-10-194B	1,525.81		
DB Service Centre Limited	P-10-194B	106,525.35		
DB Service Centre Limited	P-10-194B	106,525.35		
DB Service Centre Limited	P-10-194B	106,525.35		
DB Service Centre Limited	P-10-194B	517,740.19		
DB Service Centre Limited	P-10-194B	517,740.19		
DB Service Centre Limited	P-10-194B	(34,938.95)	1,333,030.38	5,395.00
RREEF Management L.L.C.	P-10-195B	682,296.90	532,418.66	149,878.24
Deutsche Bank Aktiengesellschaft, Filiale Labuan	P-10-196B	86,913.96	86,503.03	410.93
Deutsche Bank Aktiengesellschaft, Filiale Seoul	P-10-197B	1,797,967.30	1,791,535.27	6,432.03
Total		**₱ 706,425,555.59**	**₱ 704,075,573.44**	**₱2,349,982.15**

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Accordingly, only the amount of ₱1,129,567,393.85, detailed below, qualifies for VAT zero-rating under Section 108(B)(2) of the NIRC of 1997, as amended:

CLIENT	EXHIBIT - OR	OR NO.	OR DATE	EXHIBIT - REMITTANCE	AMOUNT
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-3	4824	10/2/13	P-10-3B	₱ 2,157,356.90
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-4	4825	10/2/13	P-10-4B	3,582,091.60
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-5	4826	10/2/13	P-10-5B	3,997,808.16
DB Consorzio S. Cons. a. r. l.	P-10-6	4827	10/2/13	P-10-6B	84,781.01
DB Consorzio S. Cons. a. r. l.	P-10-6	4827	10/2/13	P-10-6B	35,512.59
DB Consorzio S. Cons. a. r. l.	P-10-6	4827	10/2/13	P-10-6B	28,030.88
DB Consorzio S. Cons. a. r. l.	P-10-6	4827	10/2/13	P-10-6B	25,091.17
DB Consorzio S. Cons. a. r. l.	P-10-6	4827	10/2/13	P-10-6B	36,820.04
DB Consorzio S. Cons. a. r. l.	P-10-6	4827	10/2/13	P-10-6B	33,766.39
DB Consorzio S. Cons. a. r. l.	P-10-6	4827	10/2/13	P-10-6B	25,039.48
DB Consorzio S. Cons. a. r. l.	P-10-6	4827	10/2/13	P-10-6B	30,617.00
DB Consorzio S. Cons. a. r. l.	P-10-6	4827	10/2/13	P-10-6B	34,905.27
DB Consorzio S. Cons. a. r. l.	P-10-6	4827	10/2/13	P-10-6B	39,717.46
Deutsche Bank Luxembourg S.A.	P-10-7	4829	10/4/13	P-10-7B	198,227.41
Deutsche Bank Aktiengesellschaft, Filiale Singapur	P-10-11	4835	10/7/13	P-10-11B	41,014,005.62
Deutsche Bank Aktiengesellschaft, Filiale Hongkong	P-10-12	4836	10/7/13	P-10-12B	33,491,087.50
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-14	4838	10/8/13	P-10-14B	25,589.46
Deutsche Bank Netherland N.V.	P-10-18	4842	10/9/13	P-10-18B	8,296.43
Deutsche Bank Trust Corporation	P-10-19	4843	10/9/13	P-10-19B	134,253.91
Deutsche Asset Management Group Limited	P-10-20	4844	10/9/13	P-10-20B	72.95
Deutsche Group Services Pty Limited	P-10-23	4847	10/9/13	P-10-23B	1,633,467.18
RREEF Management L.L.C.	P-10-24	4848	10/10/13	P-10-24B	652,811.80
Deutsche Asset Management Group Limited	P-10-25	4849	10/10/13	P-10-25B	85.09
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-25	4849	10/10/13	P-10-25B	135,429.65
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-25	4849	10/10/13	P-10-25B	51,515.77
Deutsche Bank Aktiengesellschaft, Filiale Singapur	P-10-26	4850	10/10/13	P-10-26B	5,916,598.18
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-28	4852	10/11/13	P-10-28B	62,051,606.03
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-28	4852	10/11/13	P-10-28B	6,209,036.44
Deutsche Asset Management (Hong Kong) Limited	P-10-29	4853	10/11/13	P-10-29B	396.53
Deutsche Asset Management (Hong Kong) Limited	P-10-29	4853	10/11/13	P-10-29B	396.53
Deutsche Bank Trust Company Americas	P-10-32	4856	10/17/13	P-10-32B	1,660,414.26
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-36	4860	10/18/13	P-10-36B	109,849,630.28
Deutsche Investment Management Americas Inc.	P-10-38	4863	10/21/13	P-10-38B	4,678,843.54
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-39	4864	10/21/13	P-10-39B	3,227,882.36
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-39	4864	10/21/13	P-10-39B	293,443.85

Deutsche Bank Aktiengesellschaft, Filiale Hongkong	P-10-40	4865	10/21/13	P-10-40B	5,824,573.60
Deutsche Group Services Pty Limited	P-10-42	4867	10/22/13	P-10-42B	4,340,502.46
Deutsche Bank Aktiengesellschaft, Filiale Singapur	P-10-44	4869	10/23/13	P-10-44B	1,113,907.95
DWS Holding & Service GmbH	P-10-45	4870	10/23/13	P-10-45B	1,439,744.59
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-47	4872	10/23/13	P-10-47B	49,139.52
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-49	4874	10/23/13	P-10-49B	457,453.58
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-50	4875	10/23/13	P-10-50B	2,006,845.83
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-51	4876	10/23/13	P-10-51B	14,912,822.53
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-52	4877	10/23/13	P-10-52B	12,416,007.55
Deutsche Bank Netherland N.V.	P-10-53	4878	10/23/13	P-10-53B	701,526.84
Deutsche New Zealand Limited	P-10-55	4880	10/23/13	P-10-55B	
Deutsche New Zealand Limited	P-10-55	4880	10/23/13	P-10-55B	134,564.04
Deutsche Bank (Malaysia) Berhad	P-10-57	4882	10/24/13	P-10-57B	1,445,636.94
Deutsche Bank Aktiengesellschaft, Filiale Labuan	P-10-58	4883	10/24/13	P-10-58B	84,717.87
Deutsche Bank Aktiengesellschaft, Filiale Johannesburg	P-10-60	4885	10/24/13	P-10-60B	182,707.67
Deutsche Bank Aktiengesellschaft, Filiale Johannesburg	P-10-60	4885	10/24/13	P-10-60B	175,580.70
Deutsche Securities Korea Co.	P-10-61	4886	10/25/13	P-10-61B	351,950.25
Deutsche Bank Luxembourg S.A.	P-10-63	4888	10/25/13	P-10-63B	280.76
Deutsche Bank Aktiengesellschaft, Filiale Seoul	P-10-65	4890	10/29/13	P-10-65B	1,751,596.24
DB Services New Jersey, Inc.	P-10-68	4893	11/4/13	P-10-68B	1,250,549.91
Deutsche Securities Inc.	P-10-72	4898	11/5/13	P-10-72B	7,141,895.45
Deutsche Bank (Suisse) SA	P-10-73	4899	11/6/13	P-10-73B	427,844.20
Deutsche Bank (Suisse) SA	P-10-74	4900	11/6/13	P-10-74B	427,668.33
Deutsche Bank Netherland N.V.	P-10-79	4905	11/6/13	P-10-79B	245,872.85
Deutsche Bank Luxembourg S.A.	P-10-80	4907	11/7/13	P-10-80B	
Deutsche Bank Luxembourg S.A.	P-10-80	4907	11/7/13	P-10-80B	
Deutsche Bank Luxembourg S.A.	P-10-80	4907	11/7/13	P-10-80B	
Deutsche Bank Luxembourg S.A.	P-10-80	4907	11/7/13	P-10-80B	
Deutsche Bank Luxembourg S.A.	P-10-80	4907	11/7/13	P-10-80B	
Deutsche Bank Luxembourg S.A.	P-10-80	4907	11/7/13	P-10-80B	
Deutsche Bank Luxembourg S.A.	P-10-80	4907	11/7/13	P-10-80B	
Deutsche Bank Luxembourg S.A.	P-10-80	4907	11/7/13	P-10-80B	
Deutsche Bank Luxembourg S.A.	P-10-80	4907	11/7/13	P-10-80B	
Deutsche Bank Luxembourg S.A.	P-10-80	4907	11/7/13	P-10-80B	
Deutsche Bank Luxembourg S.A.	P-10-80	4907	11/7/13	P-10-80B	
Deutsche Bank Luxembourg S.A.	P-10-80	4907	11/7/13	P-10-80B	
Deutsche Bank Luxembourg S.A.	P-10-80	4907	11/7/13	P-10-80B	
Deutsche Bank Luxembourg S.A.	P-10-80	4907	11/7/13	P-10-80B	
Deutsche Bank Luxembourg S.A.	P-10-80	4907	11/7/13	P-10-80B	310,230.20
Deutsche Bank Aktiengesellschaft, Filiale Singapur	P-10-87	4918	11/12/13	P-10-87B	1,100,712.00
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-89	4920	11/13/13	P-10-89B	4,436,184.33
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-90	4921	11/13/13	P-10-90B	1,976,802.22

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Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-91	4922	11/13/13	P-10-91B	24,957.12
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-91	4922	11/13/13	P-10-91B	(14,315.06)
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-92	4923	11/13/13	P-10-92B	2,140,534.16
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-93	4924	11/13/13	P-10-93B	2,387,121.08
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-94	4925	11/13/13	P-10-94B	3,089,142.06
Deutsche Group Services Pty Limited	P-10-97	4928	11/13/13	P-10-97B	4,310,409.68
Deutsche Investment Management Americas Inc.	P-10-98	4929	11/14/13	P-10-98B	319,794.49
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-99	4930	11/14/13	P-10-99B	
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-99	4930	11/14/13	P-10-99B	
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-99	4930	11/14/13	P-10-99B	109,264,073.53
Deutsche Bank Luxembourg S.A.	P-10-100	4931	11/14/13	P-10-100B	192,562.50
Deutsche Bank Luxembourg S.A.	P-10-100	4931	11/14/13	P-10-100B	(192,562.50)
Deutsche Bank Luxembourg S.A.	P-10-100	4931	11/14/13	P-10-100B	68,156.31
Deutsche Bank Luxembourg S.A.	P-10-100	4931	11/14/13	P-10-100B	56,404.19
Deutsche Bank Luxembourg S.A.	P-10-100	4931	11/14/13	P-10-100B	50,976.12
Deutsche Bank Luxembourg S.A.	P-10-100	4931	11/14/13	P-10-100B	49,170.67
Deutsche Bank Luxembourg S.A.	P-10-100	4931	11/14/13	P-10-100B	190,874.40
Deutsche Bank Aktiengesellschaft, Filiale Hongkong	P-10-101	4932	11/15/13	P-10-101B	5,799,902.62
Deutsche Bank Netherland N.V.	P-10-102	4933	11/15/13	P-10-102B	8,037.07
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-105	4936	11/15/13	P-10-105B	3,214,210.14
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-105	4936	11/15/13	P-10-105B	65,909,845.42
Deutsche Group Services Pty Limited	P-10-106	4937	11/15/13	P-10-106B	20,766,628.04
Deutsche Bank Aktiengesellschaft, Filiale Hongkong	P-10-107	4938	11/18/13	P-10-107B	25,862,436.95
Deutsche Bank Trust Company Delaware	P-10-111	4942	11/19/13	P-10-111B	1,718,658.70
Deutsche Asset Management Group Limited	P-10-112	4943	11/19/13	P-10-112B	80.16
Deutsche Bank Aktiengesellschaft, Filiale Singapur	P-10-116	4949	11/19/13	P-10-116B	
Deutsche Bank Aktiengesellschaft, Filiale Singapur	P-10-116	4949	11/19/13	P-10-116B	28,992,042.75
Deutsche Investment Management Americas Inc.	P-10-117	4950	11/20/13	P-10-117B	5,183,018.43
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-120	4953	11/20/13	P-10-120B	12,350,685.72
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-121	4954	11/20/13	P-10-121B	13,886,654.94
Deutsche Bank Securities Inc.	P-10-123	4956	11/20/13	P-10-123B	6,748,533.81
Deutsche Bank Netherland N.V.	P-10-124	4957	11/20/13	P-10-124B	249,909.16
DB International (Asia) Limited	P-10-127	4960	11/21/13	P-10-127B	790,717.80
Deutsche Bank Aktiengesellschaft, Filiale Labuan	P-10-130	4963	11/22/13	P-10-130B	84,451.21
Deutsche Bank (Malaysia) Berhad	P-10-131	4964	11/22/13	P-10-131B	1,441,086.60
Deutsche Bank Aktiengesellschaft, Filiale Seoul	P-10-134	4967	11/25/13	P-10-134B	1,751,166.84
DB Consorzio S. Cons. a. r. l.	P-10-136	4969	11/25/13	P-10-136B	263,165.08
Deutsche Asset Management (Korea) Company Limited	P-10-137	4970	11/26/13	P-10-137B	285,182.94
Deutsche Bank Aktiengesellschaft, Filiale Johannesburg	P-10-139	4972	11/27/13	P-10-139B	175,397.87
Deutsche Bank Trust Corporation	P-10-143	4976	12/3/13	P-10-143B	33,435.83

DeAWM Service Company	P-10-143	4976	12/3/13	P-10-143B	-
RREEF Management L.L.C.	P-10-143	4976	12/3/13	P-10-143B	-
Deutsche Bank Netherland N.V.	P-10-146	4979	12/4/13	P-10-146B	703,646.50
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-147	4980	12/4/13	P-10-147B	2,012,909.58
Deutsche Bank Netherland N.V.	P-10-148	4981	12/4/13	P-10-148B	6,142.10
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-150	4983	12/5/13	P-10-150B	
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-150	4983	12/5/13	P-10-150B	403,754.69
DWS Holding & Service GmbH	P-10-152	4985	12/9/13	P-10-152B	1,460,023.45
Deutsche Investment Management Americas Inc.	P-10-160	4993	12/13/13	P-10-160B	412,237.01
DB Services New Jersey, Inc.	P-10-160	4993	12/13/13	P-10-160B	-
DB Investment Partners, Inc.	P-10-160	4993	12/13/13	P-10-160B	-
DB Energy Trading LLC	P-10-160	4993	12/13/13	P-10-160B	-
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-161	4994	12/13/13	P-10-161B	118,914,236.33
Deutsche Bank Aktiengesellschaft, Filiale Singapur	P-10-165	4998	12/16/13	P-10-165B	6,301,840.29
Deutsche Bank Aktiengesellschaft, Filiale Singapur	P-10-165	4998	12/16/13	P-10-165B	1,590,672.55
Deutsche Bank Aktiengesellschaft, Filiale New York	P-10-168	5001	12/12/13	P-10-168B	5,999,776.82
Deutsche Bank Aktiengesellschaft, Filiale Singapur	P-10-169	5002	12/12/13	P-10-169B	28,620,316.67
Deutsche Bank Aktiengesellschaft, Filiale Hongkong	P-10-170	5003	12/12/13	P-10-170B	35,655,331.63
Deutsche Securities Inc.	P-10-171	5004	12/12/13	P-10-171B	
Deutsche Securities Inc.	P-10-171	5004	12/12/13	P-10-171B	44,200,512.20
Deutsche Securities Inc.	P-10-172	5005	12/12/13	P-10-172B	6,969,092.36
Deutsche Bank Luxembourg S.A.	P-10-173	5006	12/12/13	P-10-174	50,548.74
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-175	5008	12/17/13	P-10-175B	1,106,381.35
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-176	5009	12/17/13	P-10-176B	2,043,505.91
Deutsche Bank Aktiengesellschaft, Filiale Singapur	P-10-177	5010	12/17/13	P-10-177B	-
Deutsche Bank Aktiengesellschaft, Filiale Hongkong	P-10-178	5011	12/17/13	P-10-178B	5,995,144.47
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-179	5012	12/17/13	P-10-179B	12,456,822.24
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-180	5013	12/17/13	P-10-180B	2,467,670.26
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-181	5014	12/17/13	P-10-181B	2,043,505.91
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-182	5015	12/17/13	P-10-182B	15,775,565.13
Deutsche Bank Aktiengesellschaft, Inlandsbank	P-10-183	5016	12/17/13	P-10-183B	2,467,670.26
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-184	5017	12/17/13	P-10-184B	
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-184	5017	12/17/13	P-10-184B	
Deutsche Bank Aktiengesellschaft, Filiale London	P-10-184	5017	12/17/13	P-10-184B	97,086,476.46
Deutsche Bank Aktiengesellschaft, Filiale Johannesburg	P-10-186	5024	12/26/13	P-10-186B	179,108.43
Deutsche Group Services Pty Limited	P-10-188	5028	12/20/13	P-10-188B	4,454,310.14
Deutsche Securities Korea Co.	P-10-192	5032	12/18/13	P-10-192B	
Deutsche Securities Korea Co.	P-10-192	5032	12/18/13	P-10-192B	718,207.17
DB Service Centre Limited	P-10-194	5034	12/18/13	P-10-194B	
DB Service Centre Limited	P-10-194	5034	12/18/13	P-10-194B	
DB Service Centre Limited	P-10-194	5034	12/18/13	P-10-194B	1,333,030.38

DB Service Centre Limited	P-10-194	5034	12/18/13	P-10-194B	
DB Service Centre Limited	P-10-194	5034	12/18/13	P-10-194B	
DB Service Centre Limited	P-10-194	5034	12/18/13	P-10-194B	
DB Service Centre Limited	P-10-194	5034	12/18/13	P-10-194B	
DB Service Centre Limited	P-10-194	5034	12/18/13	P-10-194B	
Deutsche Bank Securities Inc.	P-10-195	5035	12/18/13	P-10-195B	3,539,198.20
Deutsche Bank Securities Inc.	P-10-195	5035	12/18/13	P-10-195B	2,772,950.04
Deutsche Bank Securities Inc.	P-10-195	5035	12/18/13	P-10-195B	6,837,274.45
Deutsche Bank Securities Inc.	P-10-195	5035	12/18/13	P-10-195B	285,371.69
Deutsche Bank Securities Inc.	P-10-195	5035	12/18/13	P-10-195B	6,113,389.00
Deutsche Bank Securities Inc.	P-10-195	5035	12/18/13	P-10-195B	(1,380,158.91)
Deutsche Bank Securities Inc.	P-10-195	5035	12/18/13	P-10-195B	285,371.69
Deutsche Bank Securities Inc.	P-10-195	5035	12/18/13	P-10-195B	7,435,219.30
Deutsche Bank Securities Inc.	P-10-195	5035	12/18/13	P-10-195B	11,322,081.24
RREEF Management L.L.C.	P-10-195	5035	12/18/13	P-10-195B	532,418.66
Deutsche Bank Securities Inc.	P-10-195	5035	12/18/13	P-10-195B	285,371.69
Deutsche Bank Securities Inc.	P-10-197	5035	12/18/13	P-10-195B	3,717,609.65
Deutsche Bank Aktiengesellschaft, Filiale Labuan	P-10-196	5036	12/18/13	P-10-196B	86,503.03
Deutsche Bank Aktiengesellschaft, Filiale Seoul	P-10-197	5037	12/18/13	P-10-197B	1,791,535.27
Deutsche Bank (Malaysia) Berhad	P-10-199	5039	12/19/13	P-10-199B	1,479,454.25
Deutsche Asia Pacific Holdings Pte Ltd	P-10-201	5041	12/19/13	P-10-201B	571,688.72
Deutsche Group Services Pty Limited	P-10-202	5042	12/19/13	P-10-202B	20,194,274.25
Total					**₱1,130,802,485.21**

In sum, the total disallowed zero-rated sales amounts to ₱331,651,059.30. Deducting this amount from zero-rated sales reported by petitioner for the fourth (4th) quarter of CY 2013 amounting to ₱1,462,453,544.51, the valid zero-rated sales stands only at ₱1,130,802,485.20, computed below:

Total Reported Zero-rated Sales		₱1,462,453,544.50
Less: Disallowed zero-rated sales on the following grounds:		
Failure to comply with twin requirement to establish NFRC status of its clients	178,189,718.35	
Not supported by VAT official receipts	150,849,774.47	
Not supported by bank inward remittance	261,584.33	
Excess claim	2,349,982.15	331,651,059.30
Valid Zero-rated Sales		**₱1,130,802,485.20**

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Fourth and Fifth Requisites: Petitioner incurred/paid input taxes attributable to zero-rated sales in the total amount of ₱25,818,283.17

Having found that petitioner had valid VAT zero-rated sales in the amount of ₱1,130,802,485.20 for the subject period of claim, the Court shall proceed to determine whether petitioner complied with the remaining requisites pertaining to the input VAT.

In its Quarterly VAT Return for the fourth (4th) quarter of CY 2013,[68] petitioner reflected a total amount of ₱32,942,361.27 allowable input VAT arising from domestic purchases of goods other than capital goods, domestic purchase of services, domestic purchases of capital goods not exceeding ₱1 million, and services rendered by non-resident citizens, detailed as follows:

PARTICULARS	AMOUNT
Input Tax Deferred on Capital Goods exceeding ₱1 Million *(Line 20B)*	₱ 1,306,641.28
Add: Input Tax on Capital Goods exceeding ₱1 Million Purchases this Quarter *(Line 21D)*	203,758.70
Total Unamortized Input Tax on Capital Goods exceeding ₱1 Million deferred fro the succeeding period	1,510,399.98
Less: Input Tax on Purchases of Capital Goods exceeding ₱1 Million deferred for the succeeding period *(Line 23A)*	1,199,023.12
Amortization of Input Tax on Capital Goods exceeding ₱1 Million	311,376.86
Input Tax on Domestic Purchases of Capital Goods Not Exceeding ₱1 Million *(Line 21B)*	18,865.10
Input Tax on Domestic Purchases of Goods Other than Capital Goods *(Line 21F)*	130,765.14
Input Tax on Domestic Purchase of Services *(Line 21J)*	30,863,833.05
Services Rendered by Non-Residents *(Line 21L)*	1,617,521.12
Total Allowable Input Tax	**₱ 32,942,361.27**

Out of the ₱32,942,361.27 total input VAT for the fourth (4th) quarter of CY 2013, petitioner is claiming refund of the amount of ₱31,681,201.78, detailed below, allegedly representing input VAT attributable to its VAT zero-rated sales for CY 2013:

PARTICULARS	AMOUNT
Total Allowable Input Tax	₱ 32,942,361.27
Less: Output VAT	1,068,303.56
Excess Input VAT for 4th Quarter of CY 2013	31,874,057.71

[68] Exhibit "P-3".

% of Zero-rated Sales to Total Sales	99.39%[69]
Input VAT attributable to Zero-rated Sales	**₱ 31,681,201.78**

In support of its refund claim of excess and unutilized input VAT, petitioner offered in evidence various summary lists and schedules,[70] and the corresponding invoices,[71] official receipts[72] and other documents,[73] which were all examined by the Court-commissioned ICPA.

A review of the ICPA Report shows that input taxes pertaining to domestic purchases of capital goods not exceeding ₱1 Million, domestic purchases of goods other than capital goods, domestic purchases of services, and services rendered by non-residents amounting to ₱4,167,279.76 should be disallowed for not being properly substantiated 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 RR No. 16-2005, as amended, to wit:[74]

PARTICULARS	EXHIBIT	AMOUNT
Input VAT on domestic purchases of services supported by documents such as invoices, collection receipts, billing statements, and statement of accounts	Annex 3-G	₱ 206,026.51
Input VAT on domestic purchases of services supported by ORs dated outside the period of claim	Annex 3-H	2,284,532.70
Input VAT on domestic purchases of goods supported by VAT registered invoices dated outside the period of claim	Annex 3-I	9,572.19
Input VAT on domestic purchases of capital goods not exceeding ₱1 million supported by VAT registered invoices dated outside the period of claim	Annex 3-J	9,562.97
Input VAT on domestic purchases of services with no supporting documents	Annex 3-K	1,536,442.02
Input VAT on domestic purchases of goods with no supporting documents	Annex 3-L	803.57
Excess of Input VAT per schedule over the amount of Input VAT in the supporting VAT ORs	Annex 3-B	120,339.80
Total Input VAT Disallowed by ICPA		**₱ 4,167,279.76**

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VATable Sale	8,902,529.65	0.61%
Zero-rated Sales	1,462,453,544.50	99.39%
Total Sales	1,471,356,074.15	

70 Exhibits "P-24-1" to "P-24-9"; "P-32".
71 Exhibits "P-16-1" to "P-16-13"; "P-17-1" to "P-17-26"; "P-20-1" to "P-20-5"; "P-21-1" to "P-21-10"; "P-22-1"; "P-23-1" to "P-23-17".
72 Exhibits "P-12-1" to "P-12-255"; "P-13-1" to "P-13-36"; "P-14-1" to "P-14-13"; "P-19-1" to "P-19-54".
73 Exhibits "P-15-1" tp "P-15-3"; "P-15-1a" to "P-15-3a"; "P-18-1" to "P-18-49".
74 ICPA Report, p. 12.

Finding the observations of the ICPA reasonable and proper, the Court shall adopt the same, except for the last item entitled "Excess of Input VAT per schedule over the amount of Input VAT in the supporting VAT ORs" summarized in Annex 3-B of the ICPA Report in the amount of ₱120,339.80. This amount shall be included with the amount of ₱468,035.87 as indicated in Annex 3-B of the ICPA Report for further verification. Hence, the total input VAT found by the ICPA to be not properly substantiated, and hereafter disallowed by the Court, shall be in the total amount of ₱4,046,939.96.[75]

Upon further verification of the submitted evidence, particularly the VAT invoices and official receipts, the Court shall disallow input VAT in the total amount of ₱2,156,737.45 for petitioner's failure to comply with the invoicing requirements as provided for under the NIRC of 1997, as amended, and RR No. 16-2005, detailed as follows:

SUPPLIER	OR/INVOICE/SD NO.	DATE	INPUT VAT	EXHIBIT
1) Input VAT on domestic purchases of goods and services supported by VAT Invoice/VAT OR where date indicated is missing or not complete				
ADVENTURE INTERNATIONAL TOURS,	200-00023651	11/13/13	₱ 17,072.40	P-12-8
Design Muscle Inc.	0521	10/23/13	30,840.00	P-12-48
QUARTZ BUSINESS PRODUCTS CORP	507606	11/7/13	15,002.68	P-17-24
QUARTZ BUSINESS PRODUCTS CORP	507878	11/13/13	12,013.71	P-17-25
QUARTZ BUSINESS PRODUCTS CORP	507584	11/7/13	2,462.14	P-17-26
Subtotal - Input VAT on domestic purchases of goods and services supported by VAT Invoice/VAT OR where date indicated is missing or not complete			77,390.93	
2) Input VAT on domestic purchases of goods supported by VAT Invoice where VAT amount is unreadable				
MERCURY DRUG CORPORATION	283-96525	10/24/13	1,323.75	P-17-7
MERCURY DRUG CORPORATION	283-96526	10/24/13	931.61	P-17-8
MERCURY DRUG CORPORATION	283-96527	10/24/13	285.98	P-17-9
Subtotal - Input VAT on domestic purchase of goods supported by VAT Invoice where VAT amount is unreadable			2,541.34	
3) Input VAT on domestic purchases of services supported by VAT OR where amount of VATable sales is not indicated				
ASCOTT MAKATI INC.	60273	12/11/13	25,551.00	P-12-16
ASIAPEOPLEWORKS! INC.	3282	10/2/13	17,960.05	P-12-17
ASIAPEOPLEWORKS! INC.	3283	10/2/13	18,527.26	P-12-18
ASIAPEOPLEWORKS! INC.	3295	10/9/13	12,799.87	P-12-19
ASIAPEOPLEWORKS! INC.	3297	10/9/13	9,111.07	P-12-20
ASIAPEOPLEWORKS! INC.	3342	10/16/13	763.24	P-12-21
ASIAPEOPLEWORKS! INC.	3345	10/16/13	11,118.31	P-12-22
ASIAPEOPLEWORKS! INC.	3454	10/30/13	3,564.86	P-12-23
ASIAPEOPLEWORKS! INC.	3455	10/30/13	2,686.10	P-12-24
ASIAPEOPLEWORKS! INC.	3456	10/30/13	6,335.22	P-12-25
ASIAPEOPLEWORKS! INC.	3457	10/30/13	5,693.28	P-12-26
ASIAPEOPLEWORKS! INC.	3466	11/6/13	6,207.96	P-12-27
ASIAPEOPLEWORKS! INC.	3468	11/6/13	14,142.68	P-12-28
ASIAPEOPLEWORKS! INC.	3482	11/13/13	8,685.26	P-12-29
ASIAPEOPLEWORKS! INC.	3529	11/27/13	8,601.06	P-12-30
ASIAPEOPLEWORKS! INC.	3531	11/27/13	6,154.57	P-12-31

[75] ₱4,167,279.76 - ₱120,339.80 = ₱4,046,939.96

ASIAPEOPLEWORKS! INC.	3610	12/4/13	62,027.51	P-12-32
ASIAPEOPLEWORKS! INC.	3611	12/4/13	2,947.76	P-12-33
ASIAPEOPLEWORKS! INC.	3612	12/4/13	4,522.62	P-12-34
ASIAPEOPLEWORKS! INC.	3671	12/11/13	5,948.28	P-12-35
ASIAPEOPLEWORKS! INC.	3786	11/20/13	3,387.09	P-12-36
ASIAPEOPLEWORKS! INC.	3787	11/20/13	1,735.63	P-12-37
CIBI INFORMATION, INC.	45097	10/25/13	720.00	P-12-44
DHL EXPRESS (PHILIPPINES) CORP	2366039	10/5/13	900.20	P-12-83
DHL EXPRESS (PHILIPPINES) CORP	2375004	10/9/13	3.60	P-12-84
DHL EXPRESS (PHILIPPINES) CORP	2375005	10/9/13	58.78	P-12-85
DHL EXPRESS (PHILIPPINES) CORP	2375006	10/9/13	58.78	P-12-86
DHL EXPRESS (PHILIPPINES) CORP	2386431	10/23/13	4,862.00	P-12-87
DHL EXPRESS (PHILIPPINES) CORP	2386432	10/23/13	2,004.00	P-12-88
DHL EXPRESS (PHILIPPINES) CORP	2386433	10/23/13	378.00	P-12-89
DHL EXPRESS (PHILIPPINES) CORP	2386434	10/23/13	67.20	P-12-90
DHL EXPRESS (PHILIPPINES) CORP	2386435	10/23/13	104.78	P-12-91
DHL EXPRESS (PHILIPPINES) CORP	2386436	10/23/13	33.60	P-12-92
DHL EXPRESS (PHILIPPINES) CORP	2390365	11/6/13	33.60	P-12-93
DHL EXPRESS (PHILIPPINES) CORP	2390366	11/6/13	58.78	P-12-94
DHL EXPRESS (PHILIPPINES) CORP	2390367	11/6/13	58.78	P-12-95
FTL HOTELS, INC	49042	10/2/13	383.14	P-12-112
FTL HOTELS, INC	50008	11/13/13	31,212.00	P-12-113
FTL HOTELS, INC	50034	12/11/13	30,294.00	P-12-114
FTL HOTELS, INC	50035	12/11/13	383.14	P-12-115
INDRA Philippines Inc	2582	12/11/13	17,142.86	P-12-146
INDRA Philippines Inc	2583	12/11/13	34,285.72	P-12-147
INDRA Philippines Inc	2620	10/24/13	32,753.70	P-12-148
INDRA Philippines Inc	2646	11/25/13	74,872.80	P-12-149
INDRA Philippines Inc	2718	12/18/13	209,419.84	P-12-150
SALT & LIGHT VENTURES, INC.	13897	10/23/13	15,840.00	P-12-201
SALT & LIGHT VENTURES, INC.	13936	11/27/13	9,600.00	P-12-202
SALT & LIGHT VENTURES, INC.	13937	11/27/13	4,440.00	P-12-203
SALT & LIGHT VENTURES, INC.	13943	12/11/13	8,160.00	P-12-204
SALT & LIGHT VENTURES, INC.	13944	12/11/13	25,200.00	P-12-205
SALT & LIGHT VENTURES, INC.	13948	12/18/13	22,440.00	P-12-206
ASIAPEOPLEWORKS! INC.	3343	10/16/13	1,447.34	P-13-1
ASIAPEOPLEWORKS! INC.	3344	10/16/13	1,647.00	P-13-2
ASIAPEOPLEWORKS! INC.	3346	10/16/13	1,524.14	P-13-3
ASIAPEOPLEWORKS! INC.	3453	10/30/13	1,572.27	P-13-4
ASIAPEOPLEWORKS! INC.	3467	11/6/13	1,977.36	P-13-5
ASIAPEOPLEWORKS! INC.	3483	11/13/13	1,453.91	P-13-6
ASIAPEOPLEWORKS! INC.	3532	11/27/13	1,847.88	P-13-7
ASIAPEOPLEWORKS! INC.	3530	11/27/13	1,598.18	P-13-8
ASIAPEOPLEWORKS! INC.	3528	11/27/13	1,453.52	P-13-9
ASIAPEOPLEWORKS! INC.	3672	12/11/13	3,672.00	P-13-10
ASIAPEOPLEWORKS! INC.	3693	12/18/13	1,397.52	P-13-11
ASIAPEOPLEWORKS! INC.	3854	12/4/13	1,574.86	P-13-12
FIRST PACIFIC LEADERSHIP ACADE	6413	12/11/13	13,713.44	P-13-20
INNOVE A/C 834002986	0400589	10/29/13	62,070.22	P-13-31
ASIAPEOPLEWORKS! INC.	3296	10/9/13	15,716.84	P-14-1
FIRST PACIFIC LEADERSHIP ACADE	6421	12/11/13	1,236.00	P-14-3
FTL HOTELS, INC	49043	10/2/13	2,640.82	P-14-4

FTL HOTELS, INC	50009	11/13/13	191.58	P-14-5
HEWLETT-PACKARD PHILIPPINES	134445	12/4/13	26,760.36	P-14-10
PAUL CALVIN DELI	1662	1/15/14	9,360.00	P-14-13
Subtotal - Input VAT on domestic purchases of services supported by VAT OR where amount of VATable sales is not indicated			917,095.22	
4) Input VAT on domestic purchase of service supported by VAT OR where VAT amount is not indicated				
PREMIUM SECURITY & INVESTIGATI	72127	11/20/13	8,585.43	P-12-182
Subtotal - Input VAT on domestic purchase of service supported by VAT OR where VAT amount is not indicated			8,585.43	
5) Input VAT on domestic purchase of service supported by VAT OR where Authority to Print (ATP) details are not indicated				
SANTA FE MOVING AND RELOCATION	10148	11/20/13	1,121.40	P-12-209
SANTA FE MOVING AND RELOCATION	10481	10/23/13	641.40	P-12-210
Subtotal - Input VAT on domestic purchase of service supported by VAT OR where ATP details are not indicated			1,762.80	
6) Input VAT on domestic purchase of service supported by VAT OR where alterations were made without authorized countersignature				
BUSINESSWORKS, INC.	4001	11/13/13	39,780.00	P-12-40
DESTURA LAW OFFICE	4272	10/21/13	1,098.00	P-12-67
MR. SUN KIDDIE PARTYCOM,	11038	11/22/13	23,035.71	P-12-169
ePLDT INC.	20230	11/20/13	73,401.22	P-13-18
Subtotal - Input VAT on domestic purchase of service supported by VAT OR where alterations were made without authorized countersignature			137,314.93	
7) Input VAT on domestic purchases of services supported by documents other than VAT OR				
D&W Ad's Corporation	0016	12/26/13	5,376.00	P-12-47
PLDT	002255	10/30/13	150,414.39	P-12-177
PLDT	002259	11/27/13	195,096.61	P-12-178
PREMIUM SECURITY & INVESTIGATI	26130	11/13/13	420.00	P-12-179
Subtotal - Input VAT on domestic purchases of services supported by documents other than VAT OR			351,307.00	
8) Input VAT on domestic purchase of services without VAT OR				
BUSINESSWORKS, INC.	3637	10/9/13	28,350.00	P-12-39
Subtotal - Input VAT on domestic purchase of services without VAT OR			28,350.00	
9) Input VAT on domestic purchase of services supported by an unmarked exhibit				
WIDE WIDE WORLD EXPRESS CORPOR	1134488	12/26/13	154.92	N/A
Subtotal - Input VAT on domestic purchase of services supported by an unmarked exhibit			154.92	
10) Input VAT on domestic purchases of services outside the period of claim				
HEWLETT-PACKARD PHILIPPINES	135093	1/8/14	3,024.72	P-12-139
FIRST ADVANTAGE AUSTRALIA	33010-2	5/1/12	83,116.56	P-15-1 to P-15-1a
FIRST ADVANTAGE AUSTRALIA	38124	9/2/13	67,602.49	P-15-1 to P-15-1a
INTUITION PUBLISHING PTE LTD	401053.1	8/23/13	37,368.00	P-15-1 to P-15-1a
INTUITION PUBLISHING PTE LTD	401039.1	8/23/13	37,368.00	P-15-1 to P-15-1a
INTUITION PUBLISHING PTE LTD	401039.2	9/16/13	18,640.80	P-15-1 to P-15-1a
ANAND KASTURI CONSULTING	1202	8/17/13	52,320.00	P-15-2 to P-15-2a
FIRST ADVANTAGE AUSTRALIA	37887	8/1/13	91,565.63	P-15-2 to P-15-2a
Global Training Partners Pte. Ltd.	096	9/27/13	98,216.05	P-15-2 to P-15-2a
HEMSLEY FRASER	INV010864	9/20/13	50,892.90	P-15-2 to P-15-2a
FIRST ADVANTAGE AUSTRALIA	37065	5/1/13	30,621.84	P-15-3 to P-15-3a
HEMSLEY FRASER	INV010702	8/30/13	61,497.89	P-15-3 to P-15-3a
Subtotal - Input VAT on domestic purchase of service supported by VAT OR where ATP details are not indicated			632,234.88	
Total Input VAT Disallowances per Court's further verification			**₱ 2,156,737.45**	

of

In addition, the Court finds that the following amounts of input VAT claimed by petitioner were higher than the amounts reflected in the VAT official receipts, thus, the difference of ₱459,552.26 should likewise be disallowed:

SUPPLIER	OR/INVOICE/ SD NO.	DATE	INPUT VAT PER SCHEDULE OF REFUND CLAIM	INPUT VAT PER SUPPORTING DOCUMENT	EXCESS CLAIM	EXHIBIT
CIBI INFORMATION, INC.	45874	12/18/13	₱ 2,814.24	₱ 2,814.00	₱ 0.24	P-12-45
CITYWAY PRINTING SERVICES	522	10/30/13	5,089.29	4,998.41	90.88	P-12-46
DHL EXPRESS (PHILIPPINES) CORP	2429317	12/11/13	3,518.00	3,418.00	100.00	P-12-104
ePLDT INC.	20209	10/2/13	1,250,894.74	1,238,557.33	12,337.41	P-12-108
ePLDT INC.	20231	11/20/13	1,183,977.12	1,162,834.67	21,142.45	P-12-109
ePLDT INC.	20240	12/4/13	142,622.39	140,075.58	2,546.81	P-12-110
FUJI XEROX PHILIPPINES INC	188816	10/16/13	13,012.63	12,583.49	429.14	P-12-116
FUJI XEROX PHILIPPINES INC	188817	10/16/13	32,155.92	3,158.70	28,997.22	P-12-117
FUJI XEROX PHILIPPINES INC	192768	11/27/13	29,767.05	29,038.72	728.33	P-12-118
FUJI XEROX PHILIPPINES INC	193592	12/26/13	48,382.56	47,518.59	863.97	P-12-121
JOHN CLEMENTS CONSULTANTS, INC	121196	11/27/13	450,000.87	450,000.86	0.01	P-12-153
JOHN CLEMENTS CONSULTANTS, INC	121430	12/26/13	697,021.28	697,021.17	0.11	P-12-154
Johnson Controls IFM Phils. Co	3788	11/13/13	88,632.85	88,632.84	0.01	P-12-159
Johnson Controls IFM Phils. Co	3816	12/18/13	306,278.44	306,278.43	0.01	P-12-161
NEXT STEP TRAINING AND	0531	12/11/13	2,760.00	2,736.00	24.00	P-12-176
PREMIUM SECURITY & INVESTIGATI	72004	10/30/13	7,905.77	7,244.95	660.82	P-12-181
PREMIUM SECURITY & INVESTIGATI	72240	11/27/13	1,317.18	970.23	346.95	P-12-183
PREMIUM SECURITY & INVESTIGATI	72241	11/27/13	29.66	21.07	8.59	P-12-184
PREMIUM SECURITY & INVESTIGATI	72242	11/27/13	1,928.11	1,163.76	764.35	P-12-185
PREMIUM SECURITY & INVESTIGATI	72390	12/4/13	1,489.50	1,069.50	420.00	P-12-188
PROFESSIONAL SKILLS ENRICHMENT	17510	10/23/13	11,460.00	1,910.00	9,550.00	P-12-192
PROFESSIONAL SKILLS ENRICHMENT	17513	11/27/13	11,460.00	1,910.00	9,550.00	P-12-193
REUTERS LIMITED	038185	11/27/13	241,291.13	239,993.72	1,297.41	P-12-198
Seven Seven Global Services In	2168	12/11/13	299,652.00	28,140.00	271,512.00	P-12-222
TIERRA INTERNATIONAL CONSTRUCT	18041	10/9/13	342,774.19	331,200.00	11,574.19	P-12-247
WIDE WIDE WORLD EXPRESS CORPOR	1130032	11/13/13	1,480.67	1,454.02	26.65	P-12-251
WIDE WIDE WORLD EXPRESS CORPOR	1130513	11/27/13	446.75	438.77	7.98	P-12-252

BAYANTEL A/C 337550509	984062	11/6/13	182.04	124.69	57.35	P-13-13
BAYANTEL A/C 337550509	993652	12/4/13	182.04	178.78	3.26	P-13-14
BAYANTEL A/C 337550509	993651	12/4/13	364.07	357.57	6.50	P-13-15
CITYWAY PRINTING SERVICES	526	12/18/13	1,429.71	1,404.18	25.53	P-13-16
DESTURA LAW OFFICE	4262	10/16/13	540.00	450.00	90.00	P-13-17
ePLDT INC.	20241	12/4/13	73,401.22	72,090.48	1,310.74	P-13-19
FUJI XEROX PHILIPPINES INC	188829	10/25/13	11,313.98	113.14	11,200.84	P-13-21
FUJI XEROX PHILIPPINES INC	192769	11/27/13	61.13	60.04	1.09	P-13-22
FUJI XEROX PHILIPPINES INC	192767	11/27/13	4,222.63	4,147.23	75.40	P-13-23
FUJI XEROX PHILIPPINES INC	192770	11/27/13	3,500.03	3,343.78	156.25	P-13-24
FUJI XEROX PHILIPPINES INC	192779	12/4/13	3,846.19	3,674.49	171.70	P-13-25
FUJI XEROX PHILIPPINES INC	192778	12/4/13	3,846.19	3,674.49	171.70	P-13-26
HCL TECHNOLOGIES PHILIPPINES I	0654	11/12/13	44,968.60	44,276.73	691.87	P-13-27
HCL TECHNOLOGIES PHILIPPINES I	0656	12/11/13	38,477.94	38,063.39	414.55	P-13-28
HCL TECHNOLOGIES PHILIPPINES I	0602	12/11/13	42,884.86	42,292.66	592.20	P-13-29
HEWLETT-PACKARD PHILIPPINES	134444	12/4/13	8,145.17	7,999.72	145.45	P-13-30
NEXT STEP TRAINING AND	0526	12/4/13	88,620.00	88,020.00	600.00	P-13-32
PROFESSIONAL SKILLS ENRICHMENT	17516	12/11/13	80,220.00	13,370.00	66,850.00	P-13-33
SUNVISION CABLE, INC.	997957	12/11/13	6,720.00	2,800.00	3,920.00	P-13-34
WIDE WIDE WORLD EXPRESS CORPOR	1130514	11/27/13	307.77	302.27	5.50	P-13-35
Taurus Electrical Services	0515A	12/18/13	4,636.32	4,553.53	82.79	P-13-36
MERCURY DRUG CORPORATION	301092001684	11/15/13	613.88	613.87	0.01	P-17-17
Total Excess Claims					**₱ 459,552.26**	

The Court will now proceed to determine the substantiation of the ₱311,376.86 amortization of input VAT on purchases of capital goods exceeding ₱1 million which originated from input tax deferred on capital goods exceeding ₱1 million from previous quarters and input tax from purchases during the fourth (4th) quarter of CY 2013, as shown below:

PARTICULARS	AMOUNT
Input Tax Deferred on Capital Goods exceeding ₱1 Million *(Line 20B)*	₱ 1,306,641.28
Add: Input Tax on Capital Goods exceeding ₱1 Million Purchases this Quarter *(Line 21D)*	203,758.70
Total Unamortized Input Tax on Capital Goods exceeding ₱1 Million deferred fro the succeeding period	1,510,399.98
Less: Input Tax on Purchases of Capital Goods exceeding ₱1 Million deferred for the succeeding period *(Line 23A)*	1,199,023.12
Amortization of Input Tax on Capital Goods exceeding ₱1 Million	**₱ 311,376.86**

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The ICPA determined that out of total amortized input VAT for the fourth (4th) quarter of CY 2013 in the total amount of ₱311,376.86, ₱303,682.39 shall be disallowed for failure of petitioner to present the relevant VAT invoices supporting the prior period purchases, and for petitioner's outright expense treatment of the purchases.[76] Finding the observations of the ICPA proper, the Court shall consider only the amount of ₱7,694.47 as valid total amortized input VAT, as shown below:

PARTICULARS	EXHIBIT	TOTAL AMOUNT
Total Amortized Input VAT for the 4th quarter of CY 2013		**₱ 311,376.86**
Less:		
Amortization of Input VAT on domestic purchase of capital goods (from 3rd quarter of CY 2009 to 3rd quarter of CY 2013) with no available supporting VAT invoice	Annex 4-B	302,886.92
Amortization of Input VAT on domestic purchase of capital goods where amount of purchases were expensed out and not recorded as capital asset	Annex 4-C	795.47
Total - Not Properly Substantiated Input VAT		**303,682.39**
Valid Amortization of Input VAT on domestic purchase of capital goods (from 4th quarter of CY 2013) supported by VAT invoice	Annex 4-A	**₱ 7,694.47**

The foregoing disallowances in the total amount of ₱6,966,912.06 are summarized as follows:

PARTICULARS	AMOUNT
1) Input VAT on domestic purchases of goods and services not properly substantiated and claimed outside the period of claim	₱ 4,046,939.96
2) Amortized Input VAT for the 4th quarter of CY 2013 not supported by VAT invoice and and purchases expensed outright	303,682.39
Subtotal - ICPA Exceptions Disallowed by the Court	4,350,622.35
Court's Disallowances	
1) Input VAT on domestic purchases of goods and services not properly substantiated and dated outside the period of claim	2,156,737.45
2) Excess claims of Input VAT	459,552.26
Subtotal - Court's Disallowances	2,616,289.71
Total Input VAT Disallowances	**₱ 6,966,912.06**

Taking into consideration the above-computed total input VAT disallowances, the total valid input taxes of petitioner subject for allocation is ₱25,975,449.21, as shown below:

[76] ICPA Report, p. 14.

Total Input VAT declared per quarterly VAT return	₱ 32,942,361.27
Less: Input VAT Disallowances	6,966,912.06
Total Valid Common Input VAT for Allocation	**₱ 25,975,449.21**

Considering that petitioner is engaged in taxable sales subject to 0% and 12% VAT, and its input VAT cannot be directly or entirely attributed to any of the transactions, the valid common input VAT of ₱25,975,449.21 shall be proportionately allocated on the basis of the volume of petitioner's sales in accordance with Section 112(A) of the NIRC of 1997, as amended, thus:

Total VATable Sales per Quarterly VAT Return	₱ 8,902,529.65
Divided by the Total Declared Sales per Quarterly VAT Return	1,471,356,074.15
Multiplied by the Total Allowable Input VAT	25,975,449.21
Input VAT Allocated to VATable Sales	**₱ 157,166.04**

Total Zero-rated Sales per Quarterly VAT Return	₱ 1,462,453,544.50
Divided by the Total Declared Sales per Quarterly VAT Return	1,471,356,074.15
Multiplied by the Total Allowable Input VAT	25,975,449.21
Input VAT Allocated to Zero-rated Sales	**₱ 25,818,283.17**

Sixth Requisite: Petitioner has excess input VAT available for refund

Having determined that petitioner had valid input VAT attributable to its zero-rated sales, the Court shall determine whether the same was not applied against its output VAT liability.

After deducting the input tax attributable to VATable sales in the amount of ₱157,166.04 from its output VAT liability of ₱1,068,303.56 from the said sales, petitioner still has a net output VAT payable of ₱911,137.04, as computed below:

Output VAT per Quarterly VAT Return	₱ 1,068,303.56
Less: Input VAT Allocated to VATable Sales	157,166.04
Output VAT Still Due	₱ 911,137.52

The valid input VAT attributable to zero-rated sales in the amount of ₱25,818,283.17 shall then be utilized to offset the balance of the output tax due in the amount of ₱911,137.52. Thus, there is excess valid input VAT attributable to total reported zero-rated sales of ₱24,907,145.65. This amount shall be further allocated based on the valid zero-rated sales of ₱1,130,802,485.20 out of the total declared zero-rated sales of ₱1,462,453,544.50, computed below:

Input VAT Allocated to Zero-rated Sales	₱ 25,818,283.17
Less: Output VAT Still Due	911,137.52
Excess Valid Input VAT Allocated to Zero-rated Sales	**₱ 24,907,145.65**
Divided by Total Declared Zero-rated Sales	1,462,453,544.50
Multiplied by Total Valid Zero-rated Sales	1,130,802,485.20
Input VAT Attributable to Valid Zero-rated Sales	**₱ 19,258,773.94**

Thus, there exists an amount of ₱19,258,773.94 representing the valid input VAT attributable to the valid zero-rated sales for the fourth (4th) quarter of CY 2013. Needless to state, the said amount is within the total amount subject of this claim for tax refund, which is ₱31,681,201.78.

Although petitioner carried over in its succeeding Quarterly VAT Returns the claimed input VAT, the same remained unutilized until it was finally deducted as "VAT Refund/TCC Claimed" in its Amended Quarterly VAT Return for the third (3rd) quarter of CY 2015.[77] As such, the subject claim no longer formed part of the excess input VAT that was carried over as of the end of the third (3rd) quarter of CY 2015. Therefore, the possibility that the present claim would be applied to future output VAT liability has been eliminated.

It is a rule that in cases of tax refunds, the burden of proof lies with the taxpayer to show that it has strictly complied with the conditions for the grant of such refund.[78] In fine, petitioner discharged such burden and has sufficiently proven its entitlement to a refund or issuance of TCC in the reduced amount of ₱19,258,773.94, representing its excess and unutilized input VAT attributable to its zero-rated sales for the fourth (4th) quarter of CY 2013.

WHEREFORE, premises considered, the present Petition for Review is **PARTIALLY GRANTED**. Accordingly, respondent Commissioner of Internal Revenue is **ORDERED TO REFUND or ISSUE A TAX CREDIT CERTIFICATE** in favor of petitioner Deutsche Knowledge Services Pte., Ltd. the amount of **NINETEEN MILLION TWO HUNDRED FIFTY EIGHT THOUSAND SEVEN HUNDRED SEVENTY THREE PESOS AND NINETY FOUR CENTAVOS** (₱19,258,773.94), representing petitioner Deutsche Knowledge Services Pte., Ltd.'s excess and unutilized input VAT attributable to zero-rated sales for the fourth (4th) quarter of calendar year 2013.

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[77] Exhibit "P-3.19", CTA Docket, Vol. VI, pp. 2900-2901.
[78] *Coca-Cola Bottlers Philippines, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 222428, February 19, 2018.

SO ORDERED.

ROMAN G. DEL ROSARIO
Presiding Justice

WE CONCUR:

Catherine T. Manahan

CATHERINE T. MANAHAN
Associate Justice

Marian Ivy F. Reyes-Fajardo

MARIAN IVY F. REYES-FAJARDO
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.

ROMAN G. DEL ROSARIO
Presiding Justice