REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

AVALOQ PHILIPPINES OPERATING HEADQUARTERS,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA *EB* NO. 2897
(CTA Case No. 10397)

Present:

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

Promulgated:

NOV 2 1 2025 3:38p.m.

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RESOLUTION

CUI-DAVID, J.:

On June 3, 2025, the Court *En Banc* promulgated a *Decision,*[1] the dispositive portion of which reads:

> **WHEREFORE**, premises considered, the instant *Petition for Review (RE: Decision dated 7 December 2023 and Resolution dated 5 March 2024)* filed by Avaloq Philippines Operating Headquarters is **DENIED** for lack of merit.
>
> Accordingly, the assailed Decision dated December 7, 2023, and Resolution dated March 5, 2024, both issued by the Special Third Division in CTA Case No. 10397, are **AFFIRMED**.
>
> **SO ORDERED.**

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[1] *En Banc (EB)* Docket, pp. 80–98.

The aforesaid *Decision* sustained the ruling of the Court in Division denying petitioner's claim for refund of its alleged excess and/or unutilized input value-added tax (VAT) attributable to zero-rated or effectively zero-rated sales during the first and second quarters of taxable year (TY) 2018. The denial was based on petitioner's failure to prove that it was engaged in zero-rated or effectively zero-rated sales of services under Section 108(B)(2) of the National Internal Revenue Code (NIRC) of 1997, as amended.

Unyielding, petitioner filed the present *Motion for Reconsideration (RE: Decision dated 3 June 2025)*[2] on June 20, 2025, asserting that it had duly proven the existence of a valid Offsetting Agreement.

Citing the salient portion of the testimony of its witness, Ms. Mary Lalaine V. Munar (**Ms. Munar**), petitioner argues that the Short-Term Credit Facility Agreement (**STCFA**) should not be read separately from the General Framework Services Agreement (**GFSA**), considering that the latter articulates the offsetting arrangement. As allegedly explained by Ms. Munar, the GFSA "shows the guidelines for the provision of services between the affiliates of Avaloq Group AG" while the STCFA explains "how Avaloq PH bills its foreign affiliates." For petitioner, appreciating the offsetting arrangement necessarily requires a reading of both the STCFA and the GFSA, which are two (2) distinct and separate agreements that complement each other regarding their provisions on the application, maintenance, and usage of the group current account by Avaloq Group AG and its affiliates. Thus, in billing and collecting payments for services rendered to foreign clients against the advances made by Avaloq Group AG in the group current account, petitioner contends that the intent of the contracting parties in both the GFSA and STCFA is to adopt an intercompany offsetting arrangement equivalent to acceptable foreign currency payment, accounted for in accordance with Bangko Sentral ng Pilipinas (**BSP**) rules and regulations for VAT zero-rating purposes.

Petitioner further contends that, as a regional operating headquarters (ROHQ), executing separate and individual offsetting agreements between petitioner and its various affiliates is neither required nor counterproductive to its existence and effectivity. For petitioner, being an ROHQ – an

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2 *Id.* at 100–122.

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administrative arm of its mother company, Avaloq Group AG – it may not be treated as a separate entity from its mother company.

Also, petitioner contends that, contrary to the findings of the Court, it was able to establish the actual details of the offsetting transactions between its receivables from Avaloq Group AG's affiliates and the advances made from Avaloq Group AG. *First*, actual offsetting can be deemed from the Schedule of Offsetting of Receivables (*Exhibit P-24*). And *second*, the transactions subject of the offsetting can be clearly traced in the evidence adduced, and such transactions were indeed payments for the services rendered to its clients-affiliates, rather than mere transfers of funds representing loans.

Lastly, in asserting its entitlement to a refund, petitioner invokes the principle of *solutio indebiti,* claiming that said principle applies to the Government as well.

In his *Opposition (Re: Motion for Reconsideration of the Decision dated 3 June 2025)*[3] filed on July 14, 2025, respondent echoes the findings of the Court *En Banc* in the assailed *Decision*. Respondent emphasizes that the claimant has the burden of proof to establish the factual basis of the claim for refund. After all, tax refunds, like tax exemptions, are construed strictly against the taxpayer.

The Court *En Banc* resolves.

Upon careful consideration of the allegations in the subject *Motion for Reconsideration* and the arguments presented by both parties, the Court *En Banc* finds no cogent reason to depart from its ruling in the assailed *Decision* dated June 3, 2025. The *Motion* fails to raise any new or substantial ground that would warrant a reversal or modification of the Court's prior findings. All arguments advanced by petitioner have already been thoroughly examined, passed upon, amply discussed, and considered, first by the Court in Division, and subsequently on appeal by the Court *En Banc*.

Indeed, in *Social Justice Society (SJS) Officers v. Lim*,[4] the Supreme Court held:

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[3] *Id.* at 153-167.
[4] G.R. Nos. 187836 & 187916 (Resolution), March 10, 2015 [J. Perez, *En Banc*].

> The filing of a motion for reconsideration, authorized by Rule 52 of the Rules of Court, does not impose on the Court the obligation to deal individually and specifically with the grounds relied upon therefor, in much the same way that the Court does in its judgment or final order as regards the issues raised and submitted for decision. This would be a useless formality or ritual invariably involving merely a reiteration of the reasons already set forth in the judgment or final order for rejecting the arguments advanced by the movant; and it would be a needless act, too, with respect to issues raised for the first time, these being, as above stated, deemed waived because not asserted at the first opportunity. **It suffices for the Court to deal generally and summarily with the motion for reconsideration, and merely state a legal ground for its denial (Sec. 14, Art. VIII, Constitution); i.e., the motion contains merely a reiteration or rehash of arguments already submitted to and pronounced without merit by the Court in its judgment, or the basic issues have already been passed upon, or the motion discloses no substantial argument or cogent reason to warrant reconsideration or modification of the judgment or final order; or the arguments in the motion are too unsubstantial to require consideration, etc**. (*Emphasis supplied*)

Considering that the grounds relied upon are mere reiterations of issues previously addressed and resolved by the Court *En Banc*, there is no reason or rhyme to set aside or even modify the assailed *Decision* of June 3, 2025.

WHEREFORE, premises considered, petitioner's *Motion for Reconsideration (RE: Decision dated 3 June 2025)* is **DENIED**, for lack of merit.

SO ORDERED.

LANEE S. CUI-DAVID
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

x---x

CATHERINE T. MANAHAN
Associate Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

MARIAN IVY F. REYES-FAJARDO
Associate Justice

CORAZON G. FERRER-FLORES
Associate Justice

HENRY S. ANGELES
Associate Justice