REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

MIRANT PAGBILAO CORPORATION
(Formerly SOUTHERN ENERGY QUEZON, INC.),
Petitioner,

- versus -

C.T.A. CASE NO. 6133

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

Promulgated:

MAR 18 2003

x - x

DECISION

This Petition for Review involves a claim for refund or issuance of tax credit certificate in the amount of P148,003,047.62 allegedly representing unapplied/unutilized input VAT arising from petitioner's domestic purchases of goods and services and importation of capital goods attributable to zero-rated sales of power generation services to the National Power Corporation for the second quarter of 1998.

The antecedent facts are as follows:

Petitioner is a domestic corporation duly organized and existing under and by virtue of the laws of the Philippines with principal office at Pagbilao Grande Island, Pagbilao, Quezon and is principally engaged in the business of power generation and subsequent sale thereof to the National Power Corporation ("NPC") under a Build, Operate, Transfer Scheme *(Stipulated Facts, Item Nos. 1 & 3)*. Petitioner was originally registered with the Securities and Exchange Commission ("SEC") under the name Hopewell Power (Philippines), Corp.

240

"Southern Energy Quezon, Inc." as shown by the SEC Certificate of Filing of Amended Articles of Incorporation bearing the same date *(Exhibit B, Stipulated Fact, Item No. 6).* Petitioner is registered with the Bureau of Internal Revenue ("BIR") as a VAT taxpayer in accordance with Section 107 of the Tax Code [now Section 236] with BIR Certificate of Registration bearing RDO Control No. 96-600-002498 *(Exhibit C).* Under the same BIR registration, petitioner was assigned Tax Identification No. 001-726-870-VAT.

On December 1, 1997, petitioner filed with the BIR Revenue District Office No. 60 at Lucena City an Application for Effective Zero Rating *(Exhibit D)* for the construction and operation of a power station in Pagbilao, Quezon under a Build, Operate and Transfer scheme. In the absence of a decision from the BIR district office on the above application, petitioner refiled the said application in the form of a request for ruling with the VAT Review Committee at the BIR National Office on January 28, 1999 *(Exhibit E).*

On May 13, 1999, respondent issued VAT Ruling No. 052-99 addressed to the petitioner where he ruled that "the supply of electricity by HOPEWELL PHIL. [petitioner in this case] to the NPC, shall be subject to the zero percent (0%) VAT, pursuant to Section 108(B)(3) of the National Internal Revenue Code of 1997" *(Admitted in par. 3, respondent's answer).*

Meanwhile, on August 25, 1998, petitioner filed its quarterly VAT return for the second quarter of 1998, reflecting input VAT in the amount of P148,003,047.62 *(Stipulated Fact, Item No. 12).*

Relying mainly on the provisions of Republic Act No. 6395 (NPC Charter) and on the pronouncement made by the Supreme Court in the case of Maceda vs Macaraig, *infra*, that

291

the NPC is exempt from both direct and indirect taxes, petitioner then concludes that its sale of power generation services to NPC is zero rated for VAT purposes.

Moreover, to support its stance, petitioner likewise cited Section 108 of the National Internal Revenue Code as its basis in its action for refund of the alleged unutilized input taxes, thus:

> Section 108(B)(3) of the Tax Code states:
>
> "*(B) Transactions Subject to Zero Percent (0%) Rate.*- The following services performed in the Philippines by VAT-registered persons shall be subject to zero-percent (0%) rate:
>
> xxx xxx xxx
>
> (3) Services rendered to persons or entities whose exemption under special laws or international agreements to which the Philippines is a signatory effectively subjects the supply of such services to zero percent (0%) rate.

Thus, pursuant to the procedure prescribed in Revenue Regulations No. 7-95, as amended, petitioner filed an administrative claim for refund of unutilized input VAT with the Bureau of Internal Revenue on December 20, 1999 in the amount of P148,003,047.62 for the second quarter of 1998 *(Exhibit F)*.

As respondent failed to act on petitioner's claim for refund, petitioner, on July 4, 2000, brought the matter to this court *via* a Petition for Review, in order to toll the running of the two-year prescriptive period provided under the law.

Respondent, in refuting petitioner's contentions, filed an answer on August 14, 2000 and therein sets forth the following special and affirmative defenses, to wit:

1. Petitioner's alleged sale of electricity to NPC is not VAT zero-rated for it failed to secure an approved application for zero-rating *(Kumagai-Gumi Co. Ltd.,(Philippine Branch) vs. CIR, CTA Case No. 4670, July 29, 1997)*;

232

As stated in VAT Ruling 052-99:

> It shall be understood, however that your client, HOPEWELL PHIL. shall apply with the Revenue District Office having jurisdiction over its principal place of business for the effective VAT zero rating of its sale of electricity to the NPC, pursuant to the provisions of Revenue regulations No. 7-95. <u>Without an approved application for zero-rating, the transaction otherwise entitled to zero percent (0%) VAT shall only be considered exempt from VAT</u> (underscoring ours);

2. Taxes are presumed to have been collected in accordance with law;

3. In an action for refund/credit, the burden of proof is on the taxpayer to establish its right to refund and its failure to sustain the burden is fatal to the claim for refund/credit; and

4. Petitioner must show that it has complied with the provisions of Sections 204 (c) and 229 of the Tax Code.

The issues, which were jointly stipulated by the parties and which this court is called upon to resolve are, as follows:

1. Whether or not Petitioner has unapplied or unutilized creditable input VAT for the second quarter of 1998 arising from its importation of capital goods in the amount of P135,993,570.00 and domestic purchases of goods and services attributable to zero-rated sales of power generation services to NPC in the amount of P12,009,477.62 which are proper objects of a claim for refund pursuant to Section 108(B)(3), Section 112(A) and (B) of the National Internal Revenue Code of 1997;

2. Whether or not the creditable input VAT of Petitioner for the second quarter of 1998 are substantiated by documentary evidence in the form of invoices and official receipts; and

3. Whether or not the unutilized creditable input VAT for the second quarter of 1998 was applied against any of the VAT output tax of the Petitioner in the subsequent quarters.

The legal aspect besetting the case at bar is not one of first impression.

233

It must be recalled that under Republic Act No. 6395, as amended, otherwise known as the NPC Charter, NPC is declared exempt from the payment of all forms of taxes, duties, fees and imposts. Section 13 of RA 6395 provides:

> ***"SEC. 13. Non-profit Character of the Corporation: Exemption from all Taxes, Duties, Imposts and Other Charges by the Government and Government Instrumentalities.*** – The Corporation shall be non-profit and shall devote all its returns from its capital investment as well as excess revenues from its operations, for expansion. To enable the Corporation to pay its indebtedness and obligations and in furtherance and effective implementation of the policy enunciated in Section one of this Act, the Corporation, including its subsidiaries, is hereby declared exempt:
>
> (a) from the payment of all forms of taxes, duties, fees, imposts, charges, costs and service fees in any court or administrative proceedings in which it may be a party, restrictions and duties to the Republic of the Philippines, its province, cities, municipalities and other government agencies and instrumentalities;
>
> (b) from all income taxes, franchise taxes and realty taxes to be paid to the National Government, its provinces, cities, municipalities and other government agencies and instrumentalities;
>
> (c) From all import duties, compensating taxes and advanced sales tax and wharfage fees on import of foreign goods required for its operations and projects; and
>
> (d) From all taxes, duties, fees, imposts, and all other charges imposed by the Republic of the Philippines, its provinces, cities, municipalities and other government agencies and instrumentalities, on all petroleum products used by the Corporation in the generation,

> transmission, utilization and sale of electric power."

In the case of *Ernesto M. Maceda vs. Hon. Catalino Macaraig, G. R. No. 88291 dated May 31, 1991,* the Supreme Court affirmed the exemption of NPC from the payment of all taxes, whether direct or indirect. Acting on the Motion for Reconsideration filed by former Senator Ernesto Maceda, the Supreme Court reaffirmed the exemption of NPC from all direct and indirect taxes in its Resolution promulgated on June 8, 1993, *viz*:

> "A chronological review of the NPC laws will show that it has been the lawmaker's intention that the NPC was to be completely tax exempt from all forms of taxes – direct or indirect (223 SCRA 236, June 8, 1993) *(Admitted in par. 3, respondent's Answer).*

Taking hint from the clear import of Section 13 of RA 6395 and from the foregoing pronouncement made by the Supreme Court, this court in the case of ***Mirant Pagbilao Corporation vs. Commissioner of Internal Revenue, CTA Case No. 6041, promulgated on March 5, 2002,*** with a similar set of facts and issues as in the instant case, settled the legal issue and ruled favorably for the petitioner. For easy reference, pertinent portion of this court's decision on the said case is hereunder quoted as follows:

> "A thorough scrutiny of the aforecited provisions veer towards the conclusion that Petitioner is entitled to the refund sought. Coupled with the Supreme Court's pronouncement upholding NPC's exemption from the payment of direct and indirect taxes in the case of **Maceda vs. Macaraig, G.R. No. 88291, May 31, 1991,** there is no cloud of doubt that, legally, Petitioner is entitled to the refund of its unutilized input taxes, and We quote, thus:
>
> > "The NPC is a non-profit public corporation created for the general good and welfare, wholly owned by the government of the Republic of the Philippines. From the very beginning of its corporate existence, the NPC enjoyed preferential tax treatment, to enable the Corporation to pay the indebtedness and obligation and in furtherance and effective

235

implementation of the policy enunciated in Section one of "Republic Act No. 6395" which provides:

"**Section 1.** ***Declaration of Policy.*** - Congress hereby declares that (1) the comprehensive development, utilization and conservation of Philippine water resources for all beneficial uses, including power generation, and (2) the total electrification of the Philippines through the development of power from all sources to heed the need of rural electrification are primary objectives of the nation which shall be pursued coordinately and supported by al instrumentalities and agencies of the government including its financial institutions.

From the changes made in the NPC charter, the intention to strengthen its preferential tax treatment is obvious.

x x x x x x x x x

It is noted that in the earlier law, R.A. No. 358 the exemption was worded in general terms, as to cover "all taxes, duties, fees, imposts, charges, etc...." However, the amendment under Republic Act No. 6395 enumerated the details covered by the exemptions. Subsequently, P.D. No. 380, made even more specific the details of the exemption of NPC to cover, among others, both direct and indirect taxes on all petroleum products used in its operation. Presidential Decree No. 938 amended the tax exemption by simplifying the same law in general terms. It succinctly exempts NPC from "all forms of taxes, duties, fees, imposts, as well as costs and service fees including filing fees, appeal bonds, supersedeas bonds, in any court or administrative proceedings."

The use of the phrase "all forms" of taxes demonstrate the intention of the law to give NPC all the tax exemptions it has been enjoying before. The rationale for this exemption is that being non-profit the NPC "shall devote all its returns from its capital investment as well as excess revenues from its operation, for expansion. x x x.

It is evident from the provisions of P.D. No. 938 that its purpose is to maintain the tax exemption of NPC from all forms of taxes including indirect taxes as provided for under

236

> R.A. No. 6395 and P.D. No. 380 if it is to attain its goals. x x x"

Respondent, however, contends that petitioner is not entitled to the refund because of its failure to present an approved application for zero-rating. Respondent cites as his legal basis the case of ***ABB Power Generation Ltd. vs. Commissioner of Internal Revenue, CTA Case No. 5270, dated March 3, 1999 with Entry of Judgment dated March 24, 1999.***

We find said contention untenable.

The court's ruling in the ABB case cannot be applied to the peculiar circumstances surrounding the present case since petitioner in that instance failed to file an application for effective zero-rating while petitioner herein did. Thus, there is a total absence of effort on the part of the petitioner ABB in securing the needed approval, unlike the present case wherein petitioner, as early as December 1, 1997 had already filed its application for effective zero-rating.

It cannot be denied that petitioner failed to secure an approved application for effective zero-rating with the RDO No. 60 of Lucena City. However, it is crystal clear that such failure was due to respondent's inaction upon said application. Failure on the part of the respondent to act on a pending application for zero-rating should not be the sole basis for denying the claim for refund. If respondent had a valid ground to disapprove the application, he would have done so swiftly instead of "sitting on" the application for an indeterminable length of time to the detriment of the taxpayer's right *(Mirant (Navotas II) Corporation vs. Commissioner of Internal Revenue, CTA Case No. 5911, Resolution, December 12, 2001).*

Since the legal issue of this case had already been settled, our main concern now is to determine whether petitioner's claim for refund is substantiated by pertinent documents.

237

A cursory evaluation of the evidence forwarded to this court reveals that petitioner's zero-rated sales to National Power Corporation were duly supported by VAT invoices and official receipts *(Exhibits Q-1 to Q-31)*.

As far as the other issues are concerned, this court noted the following matters:

Petitioner submitted several documents *(Exhibits R-1 to R-348)* to prove the contents and accuracy of the amounts appearing in its "Summary List of Purchases for 1997" *(Exhibits W-1 to W-6)*. Upon verification, this court found the initial report of the independent CPA *(Exhibit P)*, as to the accuracy of the summary list of purchases prepared by the petitioner, to be in order, except for some notable disallowance which will be discussed on the latter part of this decision. The contents of the independent CPA's findings are presented below:

" *Findings*	*Total*
I. Input Taxes on Purchases of Services:	
1. Supported by Documents Other than VAT ORs	*P 10,629.46*
2. Supported by Photocopied OR	*879.09*
II. Input Taxes on Purchases of Goods:	
1. Supported by Documents Other than VAT Invoices	*165,795.70*
2. Supported by Invoices with TIN Only	*1,781.82*
3. Supported by Photocopied VAT Invoices	*3,153.62*
III. Input Taxes on Importation of Goods:	
1. Supported by Photocopied Documents [IEDs and/or Bureau Of Customs (BOC) ORs]	*716,250.00*
2. Supported by Broker's Computations	*91,601.00*
IV. Input Taxes on Purchases of Goods and Services and on Importations the Supporting Documents of which are Not Yet Available	*136,246,017.45*
T O T A L	***P 137,236,108.14***

238

> *Moreover, we would like to mention the following for the additional information of the Honorable Court:*
>
> *1. Input taxes amounting to P362,076.47 were claimed on purchase of services for which the date of the related VAT ORs fall within the third and fourth quarters of 1997 and the first and third quarters of 1998.*
>
> *We were able to ascertain that there were no double claiming relative to these input taxes. These input taxes were claimed only in the second quarter of 1998, and were not claimed in any other quarter as mentioned above.*
>
> *2. Input taxes amounting to P436,743.86 were claimed on purchases of goods for which the dates of the related VAT invoices fall from the first quarter of 1997 through the first quarter of 1998.*
>
> *We were able to ascertain that there were no double claiming relative to these input taxes. These input taxes were claimed only in the second quarter of 1998, and were not claimed in any other quarter as mentioned in the above."*

It is apparent that Items I to III are to be outrightly disallowed for failure to comply with the substantiation requirements under Section 4.104-5 of Revenue Regulations No. 7-95 in relation to Sections 113 and 237 of the Tax Code. Likewise, the photocopied VAT invoices/ORs and Bureau of Customs (BOC) Import Entry Revenue Declarations/ORs are inadmissible since this court cannot ascertain the authenticity thereof.

With respect to item IV in the amount of P136,246,017.45 representing input taxes on purchases of goods and services and on importation, the commissioned independent CPA in his supplementary report noted the following *(CTA records, pages 131-143):*

Results

> *Based on the procedures we performed on supporting documents for the input taxes amounting to P136,246,017.45, we noted that there are input taxes on purchases of goods and services*

239

and on importations without any supporting documents. This amounted to P252,447.45 (Annex A).

For the input taxes on purchases of services from Mitsubishi Corporation amounting to P135,993,570.00, we noted that these are supported by Confirming Official Receipts (CORs) from Mitsubishi Corporation.

For the consideration of the Honorable Court, we present below the following information which we gather in connection with the CORs from Mitsubishi Corporation:

a. *COR No. 0188 is for the payment of progress billings for the period April 7, 1993 to September 6, 1996 for the E & M Equipment Erection Portion of the Company's contract with Mitsubishi Corporation (Japan). The COR provided that the payments in the total amount of US$54,323,000.00 are exclusive of VAT.*

b. *COR No. 0189 dated April 14, 1998 is for the payment of the VAT on the progress billings mentioned above.*

c. *The amount reflected in COR No. 0189 representing the VAT on the progress billings when converted to Pesos using the exchange rate (US$1 = P26.203) is equal to P135,993,570. We noted however, that the Peso to US Dollar exchange rate at the date of the COR (April 14, 1998) is US$1= P38.01. It appears that the amount of input tax claimed by the Company is lower.*

d. *The COR for the VAT portion is supported by bank debit advice evidencing payment to Mitsubishi Corporation (Japan).*

e. *The COR for the progress billings are supported by documents (e.g., bank statements, letters from Mitsubishi Corporation (Japan) confirming receipt of payment) evidencing payments by the lender to Mitsubishi Corporation (Japan) (See Annex B).*

f. *The Company did not impute/claim input tax on the payments of the progress billings based on the Summary Lists of Purchases and VAT returns filed for the period April 7, 1993 to September 6, 1996. We were not,*

240

> *however, able to establish this fact on progress billings pertaining to the following:*
>
> 1. *Second and Fourth Quarter of the Year 1993 since the related summary lists of purchases and VAT returns are not available;*
> 2. *Third Quarter of the Year 1995 since the related summary list of purchases and VAT return are not available.*
> 3. *Second Quarter of the Year 1995 since there were discrepancies in the summary list of purchases and the related VAT return."*

We agree with the above SGV findings that out of the remaining claimed input taxes of P136,246,017.45, the amount of P252,447.45 was not supported by any document and should therefore be outrightly disallowed.

As to the claimed input tax of P135,993,570.00 (P136,246,017.45 less P252,447.45) on purchase of services from Mitsubishi Corporation, Japan, the same is found to be of doubtful veracity. While it is true that said amount was substantiated by a VAT official receipt with Serial No. 0189 dated April 14, 1998 *(Exhibit X-3)*, it must be observed, however, that said VAT allegedly paid pertains to the services which were rendered for the period 1993 to 1996. A perusal of the records would show, that during the said period, petitioner paid Mitsubishi, Japan the sum of $54,323,000.00 (exclusive of VAT), for the erection and construction of the electrical and mechanical equipment portion of Pagbilao Plant. However, Mitsubishi did not issue official receipts corresponding to the said transaction on the belief that the debit advices, billings and bank statements were sufficient proofs of payment thereof. But when this case was filed, petitioner's lawyer advised it to request for an official receipt to support said payment *(TSN, August 7, 2001, p.17)*. Consequently, petitioner was able to secure an undated official receipt from Mitsubishi, Manila *(Exhibit X-1)*, reflecting the amount of US$54,323,000.00 *(Exhibit X-1-2)*, exclusive of VAT. True enough, for the period 1993-1996, petitioner did not pay the VAT believing that they were not liable to do so. Mitsubishi, on the other hand, did not agree with petitioner and believed that petitioner should pay the VAT. Thus, on April 14, 1998, petitioner paid the VAT on the aforesaid transaction in the amount of US$5,190,000.00, as evidenced by an official receipt *(Exhibit X-3-2)* issued by Mitsubishi, Manila, with Receipt No. 0189 *(Exhibit X-3-1)*.

The various invoices issued by Mitsubishi Corporation, Japan to petitioner showed that the input tax of P135,993,570.00 (equivalent to US$5,190,000.00) was billed by the former to the latter starting October 5, 1994 to October 24, 1996 as follows:

Exhibit	Invoice Number	Date	Amount in US Dollar	Amount In Phil. Peso (US$1 = P26.203)
X-38	MML-PAG-VAT-1	10/5/94	804,945.00	
X-52	MML-PAG-VAT-2-Rev.	11/15/96	227,035.00	
X-53	MML-PAG-VAT-3	5/1/95	1,195,100.00	
X-70	MML-PAG-VAT-4	5/1/95	1,142,570.00	
X-79	MNL-PAG-VAT-5	7/17/95	1,029,775.00	
X-86	MNL-PAG-VAT-6	10/16/95	489,515.00	
X-116	MNL-PAG-VAT-8	8/14/96	18,275.00	
X-122	MNL-PAG-VAT-9	8/14/96	18,275.00	
X-125	MNL-PAG-VAT-010	10/24/96	271,615.00	
	Total Input VAT billed		5,197,105.00	
	Less: Unpaid Input VAT		(7,105.00)	
	Input VAT Paid per OR 0189		5,190,000.00	135,993,570.00

In our view, this official receipt alone could not stand the test of judicial scrutiny. It must be pointed out that petitioner was able to show supporting documents of supposed payments of US$54,323,000.00 *(Exhibits X to X-129)*. Surprisingly, no other document was submitted to prove that indeed the VAT amounting to US$5,190,000.00 (P153,993,570.00) was paid in 1998. No debit advice, no confirmation receipt or whatever relevant document

242

appurtenant to such foreign payments was presented for this court's perusal. Moreover, if the payment of said VAT was indeed made in 1998, this court is left in quandary as to why in the instant claim for refund, petitioner is using the exchange rate prevailing at the time the services were rendered which was P26.203 to a dollar. It would be more logical that if indeed payment was made in 1998, then petitioner should have paid the said amount using the rate prevailing in April 1998, which was P38.01 to a dollar. Another thing going against the veracity of the said official receipt is the amount appearing thereon. If it is true that the payment of VAT was made by petitioner only in April of 1998, then the amount would not be US$5,190,000.00, even granting that only a portion of US$54,323,000.00 was subjected to VAT *(TSN, August 7,2001, pp.25-26)*. Because as early as May 12, 1995, Mitsubishi, Japan already demanded petitioner to pay the VAT, which the former already remitted to the Philippine government. In fact, on May 12, 1995, Mitsubishi, Japan informed petitioner that interest should accrue if petitioner failed to pay the VAT it advanced *(Exhibit X-50)*. In other words, if petitioner certainly paid the VAT only in 1998, there should also be interest payments attached to the said amount, which should be reflected in the official receipt issued. Or petitioner should have at least shown proof that Mitsubishi Japan actually condoned such liability.

Again, these circumstances cast a serious doubt in our minds that the purpose of this belated payment of the VAT, as well as the belated issuance of the corresponding receipt, is in order for petitioner to curb the rule on prescription on VAT refunds. The claim for input tax, which is the bulk of the subject matter in the instant case, pertains to billings from 1994 up to 1996. Even if the former VAT law allowed for a separate billing of VAT, to our mind, the law still intended that the billing would be within the same taxable year when the

243

goods/services were purchased. In the case at bar, the VAT was claimed to be paid only years after the services were contracted. If the VAT was paid and the receipt appurtenant thereon was issued only on that period (1993-1996), apparently, the claim for refund filed in this court in 2000 is barred by prescription.

Another reason for the disallowance of the bulk of the amount of P135,993,570.00 is petitioner's failure to submit its VAT return for the third quarter of 1995. In effect, this court cannot verify whether or not petitioner claimed the following input VAT payments amounting to US$4,172,390.00 or P109,329,135.17 (part of the amount of P 135,993,570.00) in the second and third quarters of 1995, thus:

Exhibit	Invoice Number	Date	Amount in US Dollar	Amount in Phil. Peso (US$1 = P26.203)
X-38	MML-PAG-VAT-1	10/5/94	804,945.00	
X-53	MML-PAG-VAT-3	5/1/95	1,195,100.00	
X-70	MML-PAG-VAT-4	5/1/95	1,142,570.00	
X-79	MNL-PAG-VAT-5	7/17/95	1,029,775.00	
			4,172,390.00	109,329,135.17

Since petitioner failed to prove that there was no double claiming of the input VAT payments of P109,329,135.17, the same should be likewise be disallowed.

Considering the dubious nature of the said official receipt submitted by petitioner, we are inclined to deny the amount of P135,993.570.00 representing the input tax claimed by petitioner for the services it purchased for the period 1993-1996. Tax refunds are in the nature of tax exemptions, and as such they are regarded as in derogation of sovereign authority and to be construed *strictissimi juris* against the person or entity claiming the exemption *(Commissioner of Internal Revenue vs. S.C. Johnson & Son, Inc., 309 SCRA 87)*.

244

In view of all the foregoing, the instant petition is **PARTIALLY GRANTED**. Accordingly, respondent is hereby **ORDERED** to **REFUND** or in the alternative, **ISSUE A TAX CREDIT CERTIFICATE** in favor of the petitioner its unutilized input VAT payments directly attributable to its effectively zero-rated sales for the second quarter of 1998 in the reduced amount of P10,766,939.48, computed as follows:

Claimed Input VAT		P148,003,047.62
Less: Disallowances		
a.) As summarized by SGV & Co. in its initial report (Exh. P)		
I. Input Taxes on Purchases of Services:		
1. Supported by documents other than VAT Ors	P 10,629.46	
2. Supported by photocopied VAT OR	879.09	
II. Input Taxes on Purchases of Goods:		
1. Supported by documents other than VAT Invoices	165,795.70	
2. Supported by Invoices with TIN only	1,781.82	
3. Supported by photocopied VAT Invoices	3,153.62	
III. Input Taxes on Importation of Goods:		
1. Supported by photocopied documents [IEDs and/or Bureau of Customs (BOC) Ors	716,250.00	
2. Supported by broker's computations	91,601.00	990,090.69
b.) Input taxes without supporting documents as summarized in Annex A of SGV & Co.'s supplementary report (CTA records, page 134)		252,447.45
c.) Claimed input taxes on purchases of services from Mitsubishi Corp. for being substantiated by dubious OR		135,996,570.00
Refundable Input		P10,766,939.48

SO ORDERED.

ERNESTO D. ACOSTA
Presiding Judge

245

WE CONCUR:

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

LOVELL R. BAUTISTA
Associate Judge

CERTIFICATION

I hereby certify that the above decision was reached after due consultation with the members of the Court of Tax Appeals in accordance with Section 13, Article VIII of the Constitution.

ERNESTO D. ACOSTA
Presiding Judge

246