REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SECOND DIVISION

CE CASECNAN WATER AND ENERGY COMPANY, INC.,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA CASE NO. 8788

Members:

CASTAÑEDA, JR., *Chairperson,*
CASANOVA, *and*
COTANGCO-MANALASTAS, *JJ.*

Promulgated:

MAY 0 4 2016

10:45 a.m.

x - x

DECISION

CASTAÑEDA, JR., *J.*:

STATEMENT OF THE CASE

This Petition for Review filed by CE Casecnan Water and Energy Company, Inc. prays for the refund or issuance of tax credit certificate in the amount of ₱24,287,875.57, representing its alleged unutilized input value-added tax (VAT) attributable to its zero-rated sales for the first (1^{st}) quarter to the fourth (4^{th}) quarter of calendar year (CY) 2012.

STATEMENT OF FACTS

Petitioner CE Casecnan Water and Energy Company, Inc. is a domestic corporation duly organized and existing under Philippine laws, with principal office in Pantabangan, Nueva Ecija.[1] It is primarily incorporated to design, develop, construct, erect, assemble, commission, finance, own and operate a combined irrigation and hydro-electric project and related facilities in Central Luzon, Philippines for the conversion into electricity of water provided by and under contract with the National Irrigation Administration (NIA) and for the supply of water for agricultural purposes to the NIA; provided that, in no event shall the corporation itself engage in the general supply or distribution of electricity, in retail trade or in the business of a public utility, or furnish electricity to end-users or consumers, or provide a public service or engage in industries or activities reserved by the Constitution or by law to corporations wholly or partially owned by Filipino Citizens.[2] Petitioner is also registered as a VAT taxpayer, with Taxpayer's Identification No. 004-500-931-000.[3]

On the other hand, respondent is the duly appointed Commissioner of the Bureau of Internal Revenue (BIR) vested with authority, among others, to act upon and approve claims for refund or tax credit of overpaid or erroneously paid internal revenue taxes. She holds office at the 5th Floor, BIR National Office Building, Agham Road, Diliman, Quezon City.

On June 26, 1995, petitioner and NIA entered into an Amended and Restated Casecnan Project Agreement, which amended, restated and continued in its entirety the original agreement they executed.[4] Under the Agreement, petitioner shall deliver electricity and water to NIA for a fee.

Petitioner filed its Quarterly VAT Returns for the four quarters of 2012, through the Electronic Filing and Payment System (EFPS), on April 25, 2012[5], on July 25, 2012[6], on October 25, 2012[7], and on January 25, 2013[8], respectively. Subsequently, petitioner amended those Quarterly VAT Returns on November 14, 2013.[9]

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[1] Par. 2, Joint Stipulation of Facts and Issues (JSFI), docket, p. 301; Exhibit "P-1", docket, p. 428 to 450.
[2] Par. 3, JSFI, docket, pp. 301 to 302; Exhibit "P-1", *ibid.*
[3] Exhibit "P-3", docket, p. 452.
[4] Exhibit "P-4", docket, pp. 453 to 526.
[5] Exhibit "P-7", docket, p. 549.
[6] Exhibit "P-8", docket, p. 551.
[7] Exhibit "P-9", docket, p. 553.
[8] Exhibit "P-10", docket, p. 555.
[9] Exhibits "P-11", "P-12", "P-13" and "P-14", docket, pp. 557 to 564.

On November 19, 2013, petitioner filed an administrative claim for the refund or issuance of tax credit certificate for its alleged unutilized input VAT pertaining to the sale of power from its operations as a hydro-electric power plant during the four quarters of calendar year 2012.[10]

Due to the inaction of respondent on petitioner's refund claim, petitioner filed the instant Petition for Review before this Court on March 27, 2014.[11]

In the Answer[12] filed on April 24, 2014, respondent interposed the following special and affirmative defenses:

> "4. Petitioner's alleged claim for refund is subject to administrative routinary investigation/examination by the Bureau.
>
> 5. The amount of P24,287,875.57 representing alleged unutilized input VAT for the 1st to the 4th quarter of calendar year 2012 was not properly documented.
>
> 6. In an action for refund, the burden of proof is on the taxpayer to establish its right to refund, and failure to sustain the burden is fatal to the claim for refund/credit.
>
> 7. Petitioner must show that it has complied with the provisions of Section 112 of the NIRC of 1997 on the prescriptive period for claiming tax refund/credit.
>
> 8. Petitioner must prove that it paid the alleged VAT input taxes for the periods stated.
>
> 9. Petitioner must prove that its sale of services is subject to VAT at zero percent (0%).
>
> 10. Petitioner must prove that its alleged unutilized input VAT has not been applied against any output tax liabilities both in the current or succeeding year.

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[10] Exhibit "P-6", docket, pp. 545 to 548.
[11] Docket, pp. 14 to 28.
[12] Docket, pp. 82 to 91.

11. There is no record of petitioner ever submitting complete documents to substantiate its administrative claim for refund. Such is a requirement, otherwise, the administrative body will have sufficient reason to deny the claim. As held by the Honorable Court in the case of *Atlas Consolidated Mining and Development Corporation vs. Commissioner of Internal Revenue, G.R.* 145526, *16 March 2007:*

> 'Petitioner's contention that non-compliance with Revenue Regulations 3-88 could not have adversely affected its case in the CTA indicates a failure on its part to appreciate the nature of the proceedings in that court. First, a judicial claim for refund or tax credit in the CTA is by no means an original action but rather an appeal by way of petition for review of a previous, unsuccessful administrative claim. **Therefore, as in every appeal or petition for review, a petitioner has to convince the appellate court that the quasi-judicial agency a quo did not have any reason to deny its claims. In this case, it was necessary for petitioner to show the CTA not only that it was entitled under substantive law to the grant of its claims but also that it satisfied all the documentary and evidentiary requirements for an administrative claim for refund or tax credit.** Second, cases filed in the CTA are litigated de novo. Thus, a petitioner should prove every minute aspect of its case by presenting, formally offering and submitting its evidence to the CTA. **Since it is crucial for a petitioner in a judicial claim for refund or tax credit to show that its administrative claim should have been granted in the first place, part of the evidence to be submitted to the CTA must necessarily include whatever is required for the successful prosecution of an administrative claim**.' (emphasis and underscoring supplied)

11. The implementing rule for these complete documents required by law is RMO No. 53-98. Annex B-1 of said RMO lists all the required documents as follows:

VALUE-ADDED TAX
(For audit involving Claim for Refund/TCC)

A.) Requirements from Taxpayer
I. Requirements mention in Annex B
II. Additional General Requirements
1) 3 copies of 'Application for VAT Credit/Refund'
2) Summary List of Local Purchases specifying the following:

XXX XXX XXX

3) Photocopies of VAT purchase invoices for purchase of goods and official receipts for purchase of services. (The invoices/official receipts must be arranged according to the summary list)

4) Summary of importations made during the period with the following details:

XXX XXX XXX

5) Photocopies of invoices, import entry documents, official receipts or confirmation receipts evidencing payment of VAT. (Segregate documents paid by cash from those paid by tax debit memo)

6) VAT Returns filed for the quarter showing that the amount applied for refund/TCC has been reflected as a deduction from the total available input tax, as well as VAT Return for the succeeding quarter

7) Certification of taxpayer showing the amount of Zero-rated Sales, Taxable Sales and Exempt Sales

8) A statement showing the amount and description of the sale of goods and services, name of persons or entities (except in case of exports) to whom the goods or services were sold and date of the transaction, where the applicant's zero-rated transactions are regulated by certain government agency.

9) Articles of Incorporation – for first time filers

10) Sales Contract/Agreement

11) BOI Certificate of Registration

12) BIR Certificate of Registration

13) Certification from BOI, DOF, BOC, EPZA, etc., that subject taxpayer has not filed similar claim for refund covering the same period.

14) Sworn statement that ending inventory as of the close of the period covered by the Claim has been used directly or indirectly in the products subsequently exported as supported by export documents, if the applicant is 100% exporter.

15) Documents of liquidation evidencing the actual utilization of the raw materials in the manufacture of goods at least 70% of which has been actually exported, if the applicant is an indirect exporter.

16) Copy of the ITR and Certified Financial Statements, if applicable.

17) Beginning and ending inventory of raw materials, work-in-process, finished goods, supplies and materials.

Additional Specific Requirements

1) For Zero-Rated Sales of Services (contractors, mining, etc)

a. Authenticated copy/ies of the contract/s showing the person/s for whom the services were rendered, amount of consideration, description of the services and documents evidencing actual payments.

b. Photocopies of official receipts and billings together with a summary of the date of billing, name of principal, official receipt number, date of receipt, amount in foreign currency and the corresponding value thereof, date of remittance, name of bank, bank credit memo number and amount remitted in pesos.

c. Bank credit memoranda and certificate from the BSP with information similar to 1-c (export sales)

12. As stated above, the first documentary requirement is that provided in Annex B of the same RMO. Annex B provides for more requirements as follows:

VALUE-ADDED TAX

A) Requirements from Taxpayers

1) Proof of claimed tax credits
2) Proof of Tax Compliance Certificates applied
3) Xerox copy of used Tax Credit Certificate (TCC) with annotation of issued TDM at the back, if applicable
4) Proof of payment of deficiency tax, if any
    a) current year/period
    b) previous year/period

5) Certification of the appropriate government agency as to taxpayer's entitlement to tax incentives. if applicable
6) Xerox copies of the Official Receipts evidencing VAT payment on imported purchases, if applicable
7) Proof of exemption under special law, if applicable
8) Certification of the appropriate regulatory agency as to the exempt or zero-rated sales of the taxpayer under its regulatory supervision, if applicable
9) Certificate of Registration issued by the appropriate regulatory agency, together with the conditions attached to such registration, if applicable
10) Proof of 'Approval for Effective Zero-Rating of Sales', if applicable
11) Sample invoice/s for 'Export/Exempt Sales', if applicable
12) Proof that the acceptable foreign currency exchange proceeds on export sales/foreign currency denominated sales had been duly accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP), if applicable.

13. Far from complying with the checklist of requirements, petitioner merely stated in the petition that it filed an administrative claim for refund together with supporting documents. This is not a claim for erroneously or illegally collected taxes where petitioner has the discretion of choosing the evidence it deems fit to prove its case. This is a claim for excess but legally collected, unutilized input taxes. It does not have to prove its case because the law already acknowledges it is entitled to refund. Thus, it merely has to substantiate the export sales and the excess amount. Hence, petitioner's failure to comply with the duly mandated legal requirements in such claims for refund/tax credit warranted the denial by inaction of the administrative claim.

14. The power to tax is the most effective instrument to raise needed revenues to finance and

support the myriad activities of the government for the delivery of basic services essential to the promotion of the general welfare and enhancement of peace, progress, and prosperity of the people ***(Mactan Cebu International Airport Authority vs. Marcos, 261 SCRA 667, 690)***. Consequently, any delay in implementing tax measures would be to the detriment of the public. It is for this reason that claims for refund are required to be done within certain time frames. In the instant petition, the failure of petitioner to comply with such periods is fatal to its cause.

15. Moreover, petitioner's failure to submit documents supporting its claim for refund makes its administrative claim for refund pro-forma. This pro-forma administrative claim should not be taken as proper compliance with the requirements of the law that an administrative claim for refund should have been filed prior to the institution of a judicial claim for refund. Thus, without a validly and duly filed administrative claim for refund, the Honorable Court is without jurisdiction to entertain the Petition for Review. Petitioner's failure to comply with a condition precedent prior to the institution of its petition for review makes its dismissible for absence of jurisdiction on the part of the Honorable Court.

16. The claimant has the burden of proof to establish the factual basis of his claim for tax credit or refund. After all tax refunds, like tax exemptions, are construed strictly against the taxpayer **(Citibank N.A. vs. Court of Appeals and Commissioner of Internal Revenue, 280 SCRA 459; Commissioner of Internal Revenue vs. Tokyo Shipping Co., Ltd., 244 SCRA 332, both cited in Benguet Corporation vs. Commissioner of Internal Revenue, CTA Case No. 5392 promulgated October 30, 1998)**.

17. Partaking of the nature of exemptions, claims for refund are strictly construed against the claimant and cannot be allowed unless granted in the most explicit and categorical language **(Sps. Aguilar vs. Commissioner of Internal Revenue, et al., CA G.R.SP No. 16432, March 30, 1999)**. Being in the nature of tax exemptions, these claims are regarded as in derogation of sovereign authority and to be construed strictissimi juris against the

> claimant and liberally in favor of the taxing authority **(Commissioner of Internal Revenue vs. Procter and Gamble Philippines Manufacturing Corporation, 204 SCRA 377)**.
>
> 18. Claims for refund are construed strictly against the claimant for the same partake the nature of exemption from taxation *(Commissioner of Internal Revenue vs. Ledesma, 31 SCRA 95)* and such, they are looked upon with disfavor *(Western Minolco Corp. vs. Commissioner of Internal Revenue, 124 SCRA 1211)*."

The case was scheduled for pre-trial conference on June 5, 2014. Accordingly, respondent's Pre-Trial Brief and petitioner's Pre-Trial Brief were filed on May 23, 2015[13] and on May 30, 2015[14], respectively.

The parties submitted their Joint Stipulation of Facts and Issues[15] on June 20, 2014. Thereafter, the Court issued a Pre-Trial Order[16] on July 3, 2014.

Upon motion of petitioner, the Court commissioned Mr. Protacio T. Tacandong as the Independent Certified Public Accountant (CPA) for this case on July 21, 2014.

To prove its claim, petitioner presented Leilah Yasmin E. Alpad and Protacio T. Tacandong as its witnesses.

Petitioner likewise filed a Formal Offer of Evidence on November 17, 2014, consisting of Exhibits "P-1" to "P-192", inclusive of submarkings. In the Resolution[17] dated January 8, 2015, the Court admitted Exhibits "P-1" to "P-113", "P-116" to "P-187", and "P-191" to "P-192"; but denied Exhibits "P-114" to "P-115", "P-188" to "P-189", and "P-190" for petitioner's failure to present the original copies for comparison.

On the other hand, respondent manifested through her counsel during the hearing on January 28, 2015 that she has no witness to

[13] Docket, p. 94.
[14] Docket, p. 99.
[15] Docket, pp. 301 to 304.
[16] Docket, pp. 319 to 322.
[17] Docket, pp. 580 to 581.

present and she is submitting this case for decision based on the pleadings.

The Court declared this case submitted for decision on June 18, 2015,[18] after petitioner filed its Memorandum[19] through registered mail on June 8, 2015 and received by the Court on June 11, 2015, and after respondent filed her Memorandum[20] on February 25, 2015.

STATEMENT OF ISSUES

The parties submitted the following issues[21] for the Court's resolution:

1. Whether or not petitioner's alleged input VAT for the period from the 1st quarter to 4th quarter of CY 2012 in the total amount of ₱24,287,875.57 is substantiated by documentary evidence in the form of invoices and official receipts;

2. Whether or not petitioner's alleged input VAT for the period from 1st quarter to 4th quarter of CY 2012 in the total amount of ₱24,287,875.57 was applied or credited against any output VAT of the petitioner in the same or subsequent quarters;

3. Whether or not petitioner's alleged input VAT for the period from 1st quarter to 4th quarter of CY 2012 amounting to ₱24,287,875.57 is attributable or allocable to zero-rated sales of generated power;

4. Whether or not petitioner filed its administrative and judicial claims for refund or tax credit of its unutilized input VAT within the periods prescribed under the Tax Code; and

[18] Resolution, docket, p. 655.
[19] Docket, pp. 619 to 652.
[20] Docket, pp. 594 to 603.
[21] JSFI, docket, pp. 302 to 303.

5. Whether or not petitioner is entitled to a refund and/or issuance of a tax credit certificate for its unutilized input VAT amounting to ₱24,287,875.57.

The above-enumerated issues may be summarized as follows:

"Whether or not petitioner is entitled to a refund or issuance of tax credit certificate in the amount of ₱24,287,875.57, allegedly representing its unutilized input VAT incurred from its purchases of goods and services attributable to its zero-rated sales of power to NIA for the four quarters of CY 2012."

DISCUSSION/RULING

Section 112(A) of the National Internal Revenue Code (NIRC) of 1997, as amended, lays down the requisites for the refund or tax credit of input tax due or paid attributable to zero-rated or effectively zero-rated sales, quoted hereunder for easy reference:

"SEC. 112. *Refunds or Tax Credits of Input Tax.* –

(A) *Zero-rated or Effectively Zero-rated Sales.* – Any VAT-registered person, whose sales are zero-rated or effectively zero-rated may, within two (2) years after the close of the taxable quarter when the sales were made, apply for the issuance of a tax credit certificate or refund of creditable input tax due or paid attributable to such sales, except transitional input tax, to the extent that such input tax has not been applied against output tax: *Provided, however*, That in the case of zero-rated sales under Section 106(A)(2)(a)(1), (2) and (b) and Section 108(B)(1) and (2), the acceptable foreign currency exchange proceeds thereof had been duly accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP): *Provided, further*, That where the taxpayer is engaged in zero-rated or effectively zero-rated sale and also in taxable or exempt sale of goods or properties or services, and the amount of creditable input tax due or paid cannot be directly and entirely attributed to any one of the transactions, it shall be allocated proportionately on the basis of the volume of sales: *Provided, finally*, That for a person making sales that are

> zero-rated under Section 108(B)(6), the input taxes shall be allocated ratably between his zero-rated and non-zero-rated sales."

Based on the foregoing provision, in order to be entitled to a refund or tax credit of unutilized input VAT attributable to zero-rated sales, the following requisites must be satisfied:

1. that the taxpayer-claimant must be VAT-registered;
2. that there must be zero-rated or effectively zero-rated sales;
3. that input taxes were incurred or paid;
4. that such input taxes were attributable to zero-rated or effectively zero-rated sales;
5. that the input taxes were not applied against any output VAT liability; and
6. that the claim for refund was filed within the two-year prescriptive period.

Timeliness of the filing of the administrative and judicial claims

This Court shall determine first the timeliness of the filing of petitioner's administrative and judicial claims.

As explicitly stated in Section 112(A) of the NIRC of 1997, as amended, the application for tax credit certificate or refund of unutilized excess input VAT must be filed within two years after the close of the taxable quarter when the zero-rated or effectively zero-rated sales were made.

The present claim covers the four taxable quarters of CY 2012 which closed on March 31, 2012, on June 30, 2012, on September 30, 2012, and on December 31, 2012, respectively. Records confirm that petitioner's administrative claim for refund was timely filed, as shown below:

Period Covered (CY 2012)	Close of Taxable Quarter	Last Day for Filing of Administrative Claim for Refund	Date of Filing of Administrative Claim for Refund
1st Quarter	March 31, 2012	March 31, 2014	November 19, 2013[22]
2nd Quarter	June 30, 2012	June 30, 2014	
3rd Quarter	September 30, 2012	September 30, 2014	
4th Quarter	December 31, 2012	December 31, 2014	

As to the timeliness of petitioner's judicial appeal, the pertinent provision is Section 112(C) of the NIRC of 1997, as amended, which states:

> "SEC. 112. *Refunds or Tax Credits of Input Tax.* –
>
> xxx xxx xxx
>
> (C) *Period within which Refund or Tax Credit of Input Taxes shall be Made.* – In proper cases, the Commissioner shall grant a refund or issue the tax credit certificate for creditable input taxes within one hundred twenty (120) days from the date of submission of complete documents in support of the application filed in accordance with Subsection (A) hereof.
>
> In case of full or partial denial of the claim for tax refund or tax credit, or the failure on the part of the Commissioner to act on the application within the period prescribed above, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim or after the expiration of the one hundred twenty day-period, appeal the decision or the unacted claim with the Court of Tax Appeals."

Respondent argued that since petitioner failed to submit the required complete documents in support of the administrative claim, there was no valid and duly filed administrative claim for refund. As such, this Court has no jurisdiction to entertain this Petition for Review.

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[22] Exhibit "P-6", docket, pp. 545 to 548.

Records reveal that upon filing of the administrative claim on November 19, 2013,[23] petitioner simultaneously submitted the supporting documents, to wit:

> "In support of our request, we enclose the following documents for your perusal:
>
> 1. Duly accomplished Bureau of Internal Revenue (BIR) Form No. 1914 – 'Application for Tax Credits/Refunds'
> 2. Schedule/Summary list of domestic purchases of non-capital goods/capital goods not exceeding ₱1 million/services; domestic purchases/importations of capital goods exceeding ₱1 million with amortization of deferred input VAT; importations of non-capital goods; and services rendered by non-residents for first to fourth quarters of 2012 – print-out/soft copies
> 3. Invoices and official receipts issued by domestic suppliers of goods and services
> 4. Single administrative documents/Import entry internal revenue declarations and/or official receipts issued by the Bureau of Customs (BOC)/Statements of settlement of duties and taxes/Bank certifications/Invoices issued by foreign suppliers of goods
> 5. BIR Forms 1600 – 'Withholding VAT returns' and payment acknowledgment receipts for 2012
> 6. BIR Forms 2550Q – 'Quarterly VAT Returns' for first to fourth quarters of 2012 – original (returns only) and amended (returns and schedules)
> 7. BIR Forms 2550Q – 'Quarterly VAT returns' for first to third quarters of 2013 and Schedule which shows that the claim for VAT refund for 2012 was not utilized/applied against output VAT for succeeding quarters
> 8. Schedule/Summary list of zero-rated and VATable sales for first to fourth quarters of 2012 – print out/soft copies
> 9. Summary of allocation of actual input VAT attributable to energy, water delivery, and miscellaneous collections

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[23] Exhibit "P-6", docket, pp. 545 to 548.

10. Zero-rated sales invoices issued to NIA
11. Zero-rated official receipts issued to NIA
12. VAT sales invoices issued to NIA
13. VAT official receipts issued to NIA
14. VAT official receipts issued for miscellaneous collections
15. Certificate of accreditation issued by DOE
16. Certificate of compliance issued by the Energy Regulatory Commission – original and renewal
17. Project Agreement between CE Casecnan and NIA
18. Certificate of filing of amended articles of incorporation issued by the Securities and Exchange Commission (SEC)
19. General Information Sheet filed with the SEC
20. Certificate of registration issued by the BIR
21. Form 0605 – 'Annual VAT registration fee' payment for the year 2012
22. BIR Form 1702 – 'Annual income tax return' for taxable year ended December 31, 2012 together with the audited financial statements
23. BIR Forms 2306 – 'Certificate of Final VAT' for January to December 2012
24. Authority to print official receipts/sales invoices and use of computerized accounting system issued by the BIR
25. Books of accounts for 2012 (in CD copy)
26. Summary of Philippine Dealing System (PDS) exchange rates used by CE Casecnan
27. Certification that CE Casecnan has not filed a similar claim for refund duly issued by the Department of Finance
28. Certification that VAT on importation of goods (capital and non-capital) were duly remitted to the BOC
29. Copy of Section 6, Chapter II of RA 9136 or the EPIRA Law
30. Copy of Section 108 (B) (7) and Section 112 (A) of RA 9337 or the National Internal Revenue Code, as amended
31. Copy of Section 4.108-5 of RR 16-2005 or the Consolidated Value-Added Tax Regulations of 2005"

Contrary to respondent's allegation, petitioner informed respondent, through the Letter dated November 19, 2013[24], that the enumerated documents are considered as the complete supporting documents, *viz:*

> "We wish to inform you that these constitute the complete set of documents and schedules of CE Casecnan to support its input VAT claim for the first to fourth quarters of calendar year 2012. Further, the books of accounts and accounting records of CE Casecnan are already available for your audit and verification. xxx."

The term "complete documents" under Section 112(C) of the NIRC of 1997, as amended, should be understood to refer to those documents that are necessary to support the application for refund or tax credit certificate, as determined by the taxpayer. The BIR examiner can require the taxpayer to submit additional documents but the examiner cannot demand what type of supporting documents should be submitted. Otherwise, the taxpayer will be at the mercy of the examiner, who may require the production of documents that the taxpayer cannot submit. Moreover, it is basic that respondent ought to know the tax records of all taxpayers.[25]

Considering the foregoing and without respondent's written notice informing petitioner that the submitted documents are incomplete or requiring petitioner to submit additional documents, the 120-day period must be reckoned from November 19, 2013, the date when petitioner filed its administrative claim together with the complete set of supporting documents.

Moreover, the Supreme Court already explained in the case of *Pilipinas Total Gas, Inc. vs. Commissioner of Internal Revenue*[26] that it is the taxpayer and not the BIR who determines what relevant supporting documents to submit as basis of its claim. Likewise, the question of "when should the submission of documents be deemed 'completed' for purposes of determining the running of the 120-day period" had already been clarified therein, to wit:

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[24] Exhibit "P-6", *ibid.*

[25] *Diageo Philippines, Inc. vs. Commissioner of Internal Revenue*, CTA Case Nos. 7846 and 7865, January 16, 2012.

[26] G.R. No. 207112, December 8, 2015.

"xxx for purposes of determining ***when*** the supporting documents have been completed – *it is the taxpayer who ultimately determines when complete documents have been submitted for purposes of commencing and continuing the running of the 120-day period.* After all, he may have already completed the necessary documents the moment he filed his administrative claim, in which case, the 120-day period is reckoned from the date of filing.

xxx xxx xxx

Then, except in those instances where the BIR would require additional documents to fully appreciate a claim for tax credit or refund, in terms ***what*** additional document must be presented in support of a claim for tax credit or refund – it is the taxpayer who has the right and the burden of providing any and all documents that would support his claim for tax credit or refund. After all, in a claim for tax credit or refund, it is the taxpayer who has the burden to prove his cause of action. As such, he enjoys relative freedom to submit such evidence to prove his claim.

The foregoing conclusion is but a logical consequence of the due process guarantee under the Constitution. Corollary to the guarantee that one be afforded the opportunity to be heard, it goes without saying that the applicant should be allowed reasonable freedom as to when and how to present his claim within the allowable period.

Thereafter, whether these documents are *actually* complete as required by law – is for the CIR and the courts to determine. Besides, as between a taxpayer-applicant, who seeks the refund of his creditable input tax and the CIR, it cannot be denied that the former has greater interest in ensuring that the complete set of documentary evidence is provided for proper evaluation of the State.

xxx xxx xxx

In all cases, whatever documents a taxpayer intends to file to support his claim must be completed within the two-year period under Section 112(A) of the NIRC. The 30-day period from denial of the claim or from the expiration of the 120-day period within which to appeal the denial or inaction of the CIR to the CTA must also be respected.

xxx xxx xxx

As explained earlier xxx, taxpayers cannot simply be faulted for failing to submit the complete documents enumerated in RMO No. 53-98, absent notice from a revenue officer or employee that other documents are required. Granting that the BIR found that the documents submitted by Total Gas were inadequate, it should have notified the latter of the inadequacy by sending it a request to produce the necessary documents in order to make a just and expeditious resolution of the claim.

Indeed, a taxpayer's failure with the requirements listed under RMO No. 53-98 is not fatal to its claim for tax credit or refund of excess unutilized excess VAT. This holds especially true when the application for tax credit or refund of excess unutilized excess VAT has arrived at the judicial level. After all, in the judicial level or when the case is elevated to the Court, the Rules of Court governs. Simply put, the question of whether the evidence submitted by a party is sufficient to warrant the granting of its prayer lies within the sound discretion and judgment of the Court."

Applying the foregoing to the instant case, petitioner's judicial claim filed on March 27, 2014[27] is well within the period prescribed by law, to wit:

Date of Filing of the Administrative Claim and Submission of Documents	**End of the 120-day period for the BIR Commissioner to decide on the claim**	**End of the 30-day period from the expiration of the 120-day period**	**Date of Filing of the Judicial Claim**
November 19, 2013	March 19, 2014	April 18, 2014	March 27, 2014

[27] Petition for Review, docket, p. 14.

Petitioner is a VAT-registered entity

As evidenced by its Certificate of Registration No. OCN 8PC0000019905,[28] petitioner is registered, among others, as a VAT taxpayer.

Existence of zero-rated sales

This Court has already ruled in previous cases[29] involving the same parties and issues but different taxable periods, that petitioner's sale of electricity to NIA is zero-rated for VAT purposes. The governing law is Section 108(B)(7) of the NIRC of 1997, as amended by Republic Act No. 9337, and implemented by Section 4.108-5(b)(7) of Revenue Regulations No. 16-2005, which are all quoted below for easy reference:

> "SEC. 108. *Value-added Tax on Sale of Services and Use or Lease of Properties.* –
>
> xxx xxx xxx
>
> (B) *Transactions Subject to Zero Percent (0%) Rate.* – The following services performed in the Philippines by VAT-registered persons shall be subject to zero percent (0%) rate:
>
> xxx xxx xxx
>
> (7) Sale of power or fuel generated through renewable sources of energy such as, but not limited to, biomass, solar, wind, hydropower, geothermal, ocean energy, and other emerging energy sources using technologies such as fuel cells and hydrogen fuels." *yz*

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[28] Exhibit "P-3", docket, p. 452.

[29] *CE Casecnan Water and Energy Company, Inc. vs. Commissioner of Internal Revenue*, CTA Case No. 8620, September 16, 2014; *CE Casecnan Water and Energy Company, Inc. vs. Commissioner of Internal Revenue*, CTA Case No. 8446, December 16, 2013; *CE Casecnan Water and Energy Company, Inc. vs. Commissioner of Internal Revenue*, CTA Case No. 8245, May 10, 2013; *CE Casecnan Water and Energy Company, Inc. vs. Commissioner of Internal Revenue*, CTA Case Nos. 8041 and 8111, September 11, 2012.

"SECTION 4.108-5. *Zero-Rated Sale of Services.* –

xxx xxx xxx

(b) *Transaction Subject to Zero Percent (0%) VAT Rate.* – The following services performed in the Philippines by VAT-registered persons shall be subject to zero percent (0%) VAT rate:

xxx xxx xxx

(7) Sale of power or fuel generated through renewable sources of energy such as, but not limited to, biomass, solar, wind, hydropower, geothermal and steam, ocean energy, and other emerging sources using technologies such as fuel cells and hydrogen fuels; *Provided,* however, that zero-rating shall apply strictly to the sale of power or fuel generated through renewable sources of energy, and shall not extend to the sale of services related to the maintenance or operation of plants generating said power."

Corollary to the above provisions, Section 4.108-3(f) of Revenue Regulations No. 16-2005 states:

"SECTION 4.108-3. *Definitions and Specific Rules on Selected Services.* –

xxx xxx xxx

(f) Sale of electricity by generation, transmission, and distribution companies shall be subject to 10% VAT on their gross receipts: *Provided,* That sale of power or fuel generated through renewable sources of energy such as, but not limited to, biomass, solar, wind, hydropower, geothermal, ocean energy, and other emerging sources using technologies such as fuel cells and hydrogen fuels shall be subject to 0% VAT.

'*Generation companies*' refers to persons or entities authorized by the Energy Regulatory Commission (ERC) to

> operate facilities used in the generation of electricity. For this purpose, generation of electricity refers to the production of electricity by a generation company or a co-generation facility pursuant to the provisions of the R.A. No. 9136 (EPIRA). They shall include all Independent Power Producers (IPPs) and NPC/Power Sector Assets and Liabilities Management Corporation (PSALM)-owned generation facilities."

Clearly, the sale of power generated through renewable sources of energy is subject to zero percent (0%) VAT.

Same as in the previous cases, petitioner proved in the instant case that (a) its 140-megawatt hydro-electric power plant project has been accredited by the Department of Energy (DOE) as a Private Sector Generation Facility (PSGF) under the Implementing Rules and Regulations of Executive Order No. 215, as amended;[30] (b) the Energy Regulatory Commission (ERC) has issued Certificate of Compliance No. 10-06-GN 8-10701 for its generation facility;[31] and (c) it generates power through its hydro-electric power plant and subsequently sells it only to NIA in accordance with the Amended and Restated Casecnan Project Agreement dated June 26, 1995.[32] Thus, petitioner has sufficiently established that it is in the business of power generation and sold the corresponding generated power to NIA as VAT zero-rated sales.

For the four taxable quarters of CY 2012, petitioner generated total sales in the amount of ₱5,766,239,640.44. From this amount, the receipts of ₱2,886,785,784.52 were derived from sales of power generation services to NIA and declared by petitioner in its Amended Quarterly VAT Returns as zero-rated sales, to wit:

Period Covered (2012)	**VAT Sales/Receipt - Private**	**Sale to Government**	**Zero-Rated Sales/Receipts**	**Total**
1st Qtr[33]	₱ -	₱ 963,812,657.26	₱ 677,382,072.28	₱ 1,641,194,729.54
2nd Qtr[34]	76,142.04	551,742,901.05	388,602,060.00	940,421,103.09
3rd Qtr[35]	460,517.64	540,764,013.83	965,436,346.21	1,506,660,877.68
4th Qtr[36]	411,984.28	822,185,639.82	855,365,306.03	1,677,962,930.13

[30] Exhibit "P-2", docket, p. 451.
[31] Exhibit "P-5", docket, pp. 536 to 539.
[32] Exhibit "P-4", docket, pp. 453 to 529 and Exhibit "P-6".
[33] Exhibits "P-11", docket, pp. 557 to 558 and "P-24".
[34] Exhibits "P-12", docket, pp. 559 to 560 and "P-25".
[35] Exhibits "P-13", docket, pp. 561 to 562 and "P-26".
[36] Exhibits "P-14", docket, pp. 563 to 564 and "P-27".

Total	**₱948,643.96**	**₱2,878,505,211.96**	**₱2,886,785,784.52**	**₱5,766,239,640.44**

Petitioner's zero-rated sales were evidenced by sales invoices and official receipts[37] pre-printed with the words "zero-rated", which were summarized in its Schedule of Revenues[38] and Amended Summary List of Sales[39] as well as the National Irrigation Administration (NIA) Foreign Exchange Rates[40] as reference for zero-rated sales transactions traded in US Dollars. The reported zero-rated sales of ₱2,886,785,784.52 are supported by official receipts, detailed as follows:

Exhibit	OR Number	OR Date	OR Amount (In US$)	Exchange Rate	OR Amount (In Peso)
First Quarter					
"P-36" page 1	0634	26-Jan-12	3,032,400.00	42.9000	130,089,960.00
"P-36" page 3	0635	26-Jan-12	5,068,133.93	42.9000	217,422,945.60
"P-36" page 5	0636	26-Jan-12	-	0.0000	6,539,176.09
"P-36" page 7	0637	29-Feb-12	3,032,400.00	42.6000	129,180,240.00
"P-36" page 9	0638	29-Feb-12	1,004,506.20	42.6000	42,791,964.12
"P-36" page 11	0639	29-Mar-12	3,032,400.00	42.7000	129,483,480.00
"P-36" page 13	0640	29-Mar-12	512,278.84	42.7000	21,874,306.47
Sub-Total			**15,682,118.97**		**677,382,072.28**
Second Quarter					
"P-37" page 1	0641	25-Apr-12	3,032,400.00	42.4500	128,725,380.00
"P-37" page 3	0642	29-May-12	3,032,400.00	43.5000	131,909,400.00
"P-37" page 5	0643	27-Jun-12	3,032,400.00	42.2000	127,967,280.00
Sub-Total			**9,097,200.00**		**388,602,060.00**
Third Quarter					
"P-38" page 1	0644	26-Jul-12	3,032,400.00	41.9500	127,209,180.00
"P-38" page 3	0645	28-Aug-12	3,032,400.00	41.9000	127,057,560.00
"P-38" page 5	0646	28-Aug-12	4,450,843.31	41.9000	186,490,334.69
"P-38" page 7	0647	27-Sep-12	3,032,400.00	41.7500	126,602,700.00
"P-38" page 9	0648	27-Sep-12	9,534,768.18	41.7500	398,076,571.52
Sub-Total			**23,082,811.49**		**965,436,346.21**
Fourth Quarter					
"P-39" page 1	0649	30-Oct-12	3,032,400.00	40.9500	124,176,780.00
"P-39" page 3	0650	30-Oct-12	5,775,106.59	40.9500	236,490,614.86
"P-39" page 5	0651	28-Nov-12	3,032,400.00	40.6000	123,115,440.00
"P-39" page 7	0652	28-Nov-12	2,471,830.45	40.6000	100,356,316.27
"P-39" page 9	0653	27-Dec-12	3,032,400.00	40.9000	124,025,160.00
"P-39" page 11	0654	27-Dec-12	3,599,046.33	40.9000	147,200,994.90
Sub-Total			**20,943,183.37**		**855,365,306.03**
Total Zero-Rated Sales			**68,805,313.83**		**2,886,785,784.52**

[37] Exhibits "P-36" to "P-39".
[38] Exhibits "P-32" to "P-35".
[39] Exhibits "P-28" to "P-31".
[40] Exhibit "P-21", Annex B.

As such, petitioner's receipts/collections from its zero-rated sales of electricity generated through a renewable source of energy, particularly, hydropower, are fully substantiated.

Input VAT paid or incurred which are attributable to zero-rated sales

Having resolved that petitioner had VAT zero-rated receipts for the four taxable quarters of CY 2012 in the amount of ₱2,886,785,784.52, the Court shall now determine the amount of unutilized excess input VAT attributable thereto.

For the four quarters of CY 2012, petitioner reported a total amount of ₱48,974,437.07 input VAT arising from its amortization of input VAT on capital goods exceeding ₱1,000,000.00, purchase of capital goods not exceeding ₱1,000,000.00, domestic purchases of non-capital goods, importation of non-capital goods, domestic purchases of services, and services rendered by non-residents, as follows:

	1st Quarter P-11 / P-24	**2nd Quarter P-12 / P-25**	**3rd Quarter P-13 / P-26**	**4th Quarter P-14 / P-27**	**Total**
Amortization of Input VAT on Capital Goods					
Input Tax Deferred on Capital Goods exceeding ₱1M from Previous Quarter	₱ 2,380,471.52	₱ 2,761,420.32	₱ 3,353,630.81	₱ 3,374,627.89	₱ 2,380,471.52
Purchase of Capital Goods exceeding ₱1M	620,228.31	872,515.18	318,195.61	235,383.43	2,046,322.53
Input Tax on Purchases of Capital Goods exceeding ₱1M deferred for the succeeding period	(2,761,420.32)	(3,353,630.81)	(3,374,627.89)	(3,299,015.45)	(3,299,015.45)
Amortization	***239,279.51***	***280,304.69***	***297,198.53***	***310,995.87***	***1,127,778.60***
Current Transactions:					-
Purchase of Capital Goods not exceeding ₱1M	2,877.12	40,758.25	38,999.29	168,702.68	251,337.34
Domestic Purchases Of Goods Other than Capital Goods	685,334.50	801,188.65	757,782.08	931,172.39	3,175,477.62

Importation of Goods other than Capital Goods	322,625.00	521,660.00	101,005.00	508,818.00	1,454,108.00
Domestic Purchase of Services	12,504,565.80	8,805,408.49	12,414,986.56	9,120,961.90	42,845,922.75
Services Rendered by Non-residents	114,821.36	-	-	4,991.40	119,812.76
Total Input from Current Purchases	***13,630,223.78***	***10,169,015.39***	***13,312,772.93***	***10,734,646.37***	***47,846,658.47***
Total Input VAT	**₱13,869,503.29**	**₱10,449,320.08**	**₱13,609,971.46**	**₱11,045,642.24**	**₱48,974,437.07**

Out of the ₱48,974,437.07 allowable input VAT for CY 2012, petitioner is claiming the refund of the amount of ₱24,287,875.57 allegedly attributable to its zero-rated sales, using the following allocation:

Period Covered (CY 2012)	**VAT Sales/Receipt - Private** *(a)*	**Sale to Government** *(b)*	**Zero-Rated Sales/Receipts** *(c)*	**Total** *(d)=(a)+(b)+(c)*
1st Qtr	-	₱ 963,812,657.26	₱ 677,382,072.28	₱ 1,641,194,729.54
2nd Qtr	76,142.04	551,742,901.05	388,602,060.00	940,421,103.09
3rd Qtr	460,517.64	540,764,013.83	965,436,346.21	1,506,660,877.68
4th Qtr	411,984.28	822,185,639.82	855,365,306.03	1,677,962,930.13
Total	**₱ 948,643.96**	**₱ 2,878,505,211.96**	**₱ 2,886,785,784.52**	**₱ 5,766,239,640.44**

Period Covered (CY 2012)	**Total Input VAT** *(e)*	**Actual Input VAT attributable to Sales to Private** *(f)=(a)/(d)x(e)*	**Actual Input VAT attributable to Sales to Government** *(g)=(b)/(d)x(e)*	**Actual Input VAT attributable to Zero-Rated Sales** *(h)=(c/(d)x(e)*
1st Qtr	₱ 13,869,503.29	-	₱ 8,145,043.72	₱ 5,724,459.57
2nd Qtr	10,449,320.08	₱ 846.04	6,130,592.09	4,317,881.95
3rd Qtr	13,609,971.46	4,159.95	4,884,830.36	8,720,981.15
4th Qtr	11,045,642.24	2,712.00	5,412,258.08	5,630,672.16
Total	**₱ 48,974,437.07**	**₱ 7,717.99**	**₱ 24,572,724.25**	**₱ 24,393,994.83**

Substantiated Input VAT attributable to zero-rated sales		₱ 24,393,994.83
Less: Output VAT		
Output VAT on sales to private	₱113,837.28	
Less: Input VAT attributabld to sales to private	7,717.99	106,119.29
Input VAT Claim for Refund/TCC		**₱24,287,875.54**[41]

[41] With difference of ₱0.03 due to rounding off.

To determine the accuracy of petitioner's declaration, Mr. Protacio T. Tacandong, the Court-commissioned Independent CPA, examined the voluminous documents of petitioner in support of its claim for refund.

Based on the Independent CPA's findings, petitioner's claim in the amount of ₱283,866.11 shall be disallowed for petitioner's failure to comply with the invoicing and substantiation requirements provided by Sections 110(A), 113(A) and (B), 237, and 238 of the NIRC of 1997, as amended, and as implemented by Sections 4.110-1, 4.110-2, 4.110-8, and 4.113-1 of Revenue Regulations No. 16-05, as amended, as shown below:

	Particulars	Reference (Annex to Exhibit P-21)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
1.	Amortized input VAT on purchase of capital goods supported by TIN # Invoice with notarized certification from supplier that VAT paid by the Company was already remitted to the BIR	P-1Q	₱ 13,232.13	₱	₱		₱ 13,232.13
		P-2Q		13,232.13			13,232.13
		P-3Q			4,410.92		4,410.92
2.	Input VAT on domestic purchases of goods supported by documents other than a TIN VAT invoice	Q-1Q	6,254.04				6,254.04
		Q-2Q		2,913.99			2,913.99
		Q-3Q			499.51		499.51
		Q-4Q				1,899.61	1,899.61
3.	Input VAT on domestic purchases of goods supported only by a photocopy of the TIN VAT invoice	R-3Q			1,286.25		1,286.25
		R-4Q				2,523.21	2,523.21
4.	Input VAT on domestic purchases of goods supported by a TIN VAT invoice not issued in the name of the Company or without the name of the Company	S-1Q	301.87				301.87
		S-3Q			9.08		9.08
5.	Input VAT on domestic purchases of goods supported by a TIN VAT invoice with name of the Company written/stamped/altered without countersignature or with countersignature but without letter from supplier	T-1Q	986.66				986.66
		T-2Q		524.75			524.75
		T-3Q			133.28		133.28
		T-4Q				1,599.05	1,599.05
6.	Input VAT on domestic purchases of goods supported by a TIN VAT invoice but the name of the Company was misspelled	U-1Q	36.75				36.75
7.	Input VAT on domestic purchases of goods supported by tape receipt with the name of the Company written/stamped/altered without countersignature or with countersignature but without letter from supplier	V-1Q	2,256.03				2,256.03
		V-2Q		2,351.12			2,351.12
		V-3Q			9,551.72		9,551.72
		V-4Q				2,266.54	2,266.54

8.	Input VAT on domestic purchases of goods supported by a TIN VAT Invoice but without invoice date	W-2Q		1,543.45			1,543.45
9.	Input VAT on domestic purchases of goods supported by a TIN VAT Invoice issued in the name of the Company but without the Company's TIN and/or address	X-3Q			420.86		420.86
10.	Input VAT on domestic purchases of goods supported by a TIN VAT Invoice issued in the name of the Company but with misstatement in the Company's TIN and/or address	Y-2Q		4,325.31			4,325.31
		Y-3Q			636.96		636.96
		Y-4Q				1,467.86	1,467.86
11.	Input VAT on domestic purchases of goods supported by an invoice with TIN # only	Z-1Q	12.86				12.86
12.	Input VAT on domestic purchases of goods supported by a TIN VAT invoice with alteration in date without countersignature or with countersignature but without letter from supplier	AA-1Q	32.71				32.71
13.	Input VAT on domestic purchases of goods supported by a TIN VAT invoice with alteration in taxable and/or gross amount without countersignature or with countersignature but without letter from supplier	BB-1Q	542.10				542.10
		BB-2Q		1,011.03			1,011.03
		BB-4Q				30.54	30.54
14.	Input VAT on domestic purchases of goods supported by a TIN VAT invoice issued in the name of the Company where VAT was not separately indicated	CC-1Q	2,318.03				2,318.03
		CC-2Q		50.36			50.36
		CC-4Q				53.57	53.57
15.	Input VAT on domestic purchases of goods supported by a TIN VAT invoice with alteration in the amount of VAT separately indicated without countersignature or with countersignature but without letter from supplier	DD-3Q			125.24		125.24
16.	Input VAT on domestic purchases of services supported by documents other than a TIN VAT OR	EE-1Q	1,370.64				1,370.64
		EE-2Q		338.33			338.33
		EE-3Q			230.97		230.97
		EE-4Q				572.95	572.95
17.	Input VAT on domestic purchases of services supported by a TIN VAT OR not issued in the name of the Company or without name of the Company	FF-1Q	3,412.56				3,412.56
		FF-2Q		44.65			44.65
		FF-3Q			21.32		21.32
		FF-4Q				457.96	457.96
18.	Input VAT on domestic purchases of services supported by a TIN VAT OR with the name of the Company written/stamped/altered without countersignature or with countersignature but without letter from supplier	GG-1Q	129.44				129.44
		GG-2Q		91.92			91.92
		GG-3Q			9.21		9.21
		GG-4Q				85.49	85.49
19.		HH-1Q	190.29				190.29

	Input VAT on domestic purchases of services supported by a TIN VAT OR but the name of the Company was misspelled	HH-2Q		23.04			23.04
		HH-4Q				644.25	644.25
20.	Input VAT on domestic purchases of services supported by tape receipt without the Company's name or the Company's name was written/stamped/altered without countersignature or with countersignature but without letter from supplier	II-1Q	2,792.92				2,792.92
		II-2Q		2,268.41			2,268.41
		II-3Q			1,741.01		1,741.01
		II-4Q				3,339.67	3,339.67
21.	Input VAT on domestic purchases of services supported by a TIN VAT OR that is not BIR-registered	JJ-1Q	42,651.93				42,651.93
		JJ-4Q				12.11	12.11
22.	Input VAT on domestic purchases of services supported by TIN VAT OR but without OR date	KK-1Q	41.79				41.79
		KK-3Q			25.82		25.82
23.	Input VAT on domestic purchases of services supported by a TIN VAT OR issued in the name of the Company but without the Company's TIN and/or address	LL-1Q	267.17				267.17
		LL-2Q		1,014.96			1,014.96
		LL-3Q			2,518.00		2,518.00
		LL-4Q				14,348.29	14,348.29
24.	Input VAT on domestic purchases of services supported by a TIN VAT OR issued in the name of the Company but with the Company's TIN and/or address stamped/added/altered without countersignature or with countersignature but without letter from supplier	MM-1Q	1,018.56				1,018.56
25.	Input VAT on domestic purchases of services supported by a TIN VAT OR issued in the name of the Company but with misstatement in the Company's TIN and/or address	NN-2Q		2,260.60			2,260.60
26.	Input VAT on domestic purchases of services supported by receipts with TIN # only; TIN-V; TIN-VAT/NV or no TIN OR	OO-2Q		69.64			69.64
		OO-3Q			10.39		10.39
27.	Input VAT on domestic purchases of services supported by a TIN VAT OR with alteration in date without countersignature or with countersignature but without letter from supplier	PP-1Q	10.71				10.71
		PP-3Q			984.00		984.00
28.	Input VAT on domestic purchases of services supported by a TIN VAT OR printed with "not allowed for claiming Input VAT" (or similar statements)	QQ-1Q	69.64				69.64
		QQ-2Q		1,087.40			1,087.40
		QQ-4Q				134.69	134.69
29.	Input VAT on domestic purchases of services supported by a TIN VAT OR with alteration in taxable or gross amount without countersignature or with	RR-1Q	170.04				170.04
		RR-2Q		902.43			902.43
		RR-3Q			26.84		26.84
		RR-4Q				52,933.71	52,933.71

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	countersignature but without letter from supplier						
30.	Input VAT on domestic purchases of services supported by a TIN VAT OR issued in the name of the Company where VAT was not separately indicated	SS-1Q	696.74				696.74
		SS-2Q		475.55			475.55
		SS-3Q			256.76		256.76
		SS-4Q				981.42	981.42
31.	Input VAT on domestic purchases of services supported by a TIN VAT OR with alteration in the amount of VAT separately indicated without countersignature or with countersignature but without letter from supplier	TT-1Q	46.77				46.77
		TT-3Q			59.79		59.79
32.	Input VAT on importation of goods supported by photocopies or scanned copies of BOC ORs only	UU-3Q			11,281.00		11,281.00
33.	Amortized input VAT on importation of capital goods exceeding ₱1M supported only by photocopies of IEIRD and BOC OR	VV-3Q			1,977.62		1,977.62
		VV-4Q				5,932.86	5,932.86
34.	Overclaimed portion of input VAT arising from erroneous computation of amortized input VAT on purchase of capital goods (e.g., arithmetical error, rounding differences)	WW-3Q			0.22		0.22
35.	Overclaimed portion of input VAT arising from erroneous computation of input VAT on domestic purchases of goods(e.g., arithmetical error, rounding differences)	XX-1Q	7.76				7.76
		XX-2Q		13.43			13.43
		XX-3Q			0.20		0.20
		XX-4Q				299.11	299.11
36.	Overclaimed portion of input VAT arising from erroneous computation of input VAT on domestic purchases of services (e.g., arithmetical error, rounding differences)	YY-1Q	20.43				20.43
		YY-2Q		21.55			21.55
		YY-3Q			3,967.26		3,967.26
		YY-4Q				24.93	24.93
37.	Overclaimed portion of input VAT arising from foreign exchange (forex) rate used in foreign currency denominated purchases of services	ZZ-1Q	0.51				0.51
		ZZ-2Q		0.03			0.03
		ZZ-3Q			2.71		2.71
		ZZ-4Q				0.52	0.52
38.	Input VAT on domestic purchases of goods and services where supporting documents were not available for verification	AAA-1Q	29,096.74				29,096.74
		AAA-2Q		2,014.62			2,014.62
		AAA-3Q			2,991.00		2,991.00
		AAA-4Q				6,533.31	6,533.31
TOTAL			**₱107,967.82**	**₱36,578.70**	**₱43,177.94**	**₱96,141.65**	**₱283,866.11**

In addition, the Court finds that the input VAT in the aggregate amount of ₱613,541.24 should likewise be disallowed for failure to meet the substantiation requirements prescribed under the afore-mentioned laws and regulations, detailed as follows:

Exhibit	Vendor Name	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
1. Input VAT amount not separately indicated in invoice/OR						
"P-71" page 167	South Star Drug Inc	₱ 26.84				₱ 26.84
"P-71" page 168	South Star Drug Inc	51.83				51.83
"P-71" page 169	South Star Drug Inc	155.64				155.64
"P-75" page 9	All Recognition Gift (Roneena Inc)	1,960.71				1,960.71
"P-75" page 10	All Recognition Gift (Roneena Inc)	1,928.57				1,928.57
"P-75" page 66	Escosas Native Foods and Ihaw Ihaw	48.75				48.75
"P-75" page 68	Escosas Native Foods and Ihaw Ihaw	76.61				76.61
	Subtotal	**4,248.95**	**-**	**-**	**-**	**4,248.95**
"P-72" page 24	Christian Edward C Tan		13.50			13.50
"P-76" page 13	Cabanatuan Fastfood Ventures Inc		32.89			32.89
"P-76" page 57	Escosas Native Foods Eva L Escosa		87.32			87.32
"P-76" page 58	Escosas Native Foods Eva L Escosa		21.43			21.43
"P-76" page 107	Golden Arches Development Corp		13.93			13.93
"P-76" page 112	Gruppo De Guapo Gold Corp		9.75			9.75
"P-76" page 198	Nueva Ecija Pro Health Inc		12.64			12.64
"P-76" page 199	Nueva Ecija Pro Health Inc		12.64			12.64
"P-76" page 299	The Lakeshore Toll Service Facility Inc		36.86			36.86
	Subtotal	**-**	**240.96**	**-**	**-**	**240.96**
"P-77" page 7	Angela Amandy Velasco			225.00		225.00
"P-77" page 77	GEC CJS Foods Corp			22.39		22.39
"P-77" page 159	Kristian Rae G Aglibo Magellans Garden Grill and Resto Bar			89.68		89.68
"P-77" page 191	Peper Broers Inc			245.89		245.89
"P-77" page 192	Peper Broers Inc			31.07		31.07
	Subtotal	**-**	**-**	**614.03**	**-**	**614.03**
"P-78" page 85	Georgetown Electrical Systems				1,928.57	1,928.57
	Subtotal	**-**	**-**	**-**	**1,928.57**	**1,928.57**
	TOTAL	**4,248.95**	**240.96**	**614.03**	**1,928.57**	**7,032.51**
2. Input VAT supported by ORs without Authority to Print (ATP)						
"P-75" page 179	Philippine Long Distance Telephone Company	443.02				443.02
"P-75" page 180	Philippine Long Distance Telephone Company	24,365.93				24,365.93
"P-75" page 181	Philippine Long Distance Telephone Company	10.01				10.01
"P-75" page 182	Philippine Long Distance Telephone Company	1,974.15				1,974.15
"P-75" page 183	Philippine Long Distance Telephone Company	40.95				40.95
"P-75" page 184	Philippine Long Distance Telephone Company	2,107.52				2,107.52

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"P-75" page 185	Philippine Long Distance Telephone Company	35.63				35.63
"P-75" page 186	Philippine Long Distance Telephone Company	1,959.55				1,959.55
"P-75" page 187	Philippine Long Distance Telephone Company	30.00				30.00
"P-75" page 188	Philippine Long Distance Telephone Company	1,975.06				1,975.06
"P-75" page 189	Philippine Long Distance Telephone Company	28.40				28.40
"P-75" page 190	Philippine Long Distance Telephone Company	1,943.12				1,943.12
"P-75" page 191	Philippine Long Distance Telephone Company	35.91				35.91
"P-75" page 192	Philippine Long Distance Telephone Company	1,944.18				1,944.18
"P-75" page 193	Philippine Long Distance Telephone Company	443.02				443.02
"P-75" page 194	Philippine Long Distance Telephone Company	24,365.93				24,365.93
"P-75" page 195	Philippine Long Distance Telephone Company	28.31				28.31
"P-75" page 196	Philippine Long Distance Telephone Company	1,945.75				1,945.75
"P-75" page 197	Philippine Long Distance Telephone Company	33.37				33.37
"P-75" page 198	Philippine Long Distance Telephone Company	1,967.29				1,967.29
"P-75" page 199	Philippine Long Distance Telephone Company	35.76				35.76
"P-75" page 200	Philippine Long Distance Telephone Company	1,967.07				1,967.07
"P-75" page 201	Philippine Long Distance Telephone Company	26.79				26.79
"P-75" page 202	Philippine Long Distance Telephone Company	1,945.38				1,945.38
"P-75" page 203	Philippine Long Distance Telephone Company	31.69				31.69
"P-75" page 204	Philippine Long Distance Telephone Company	1,948.13				1,948.13
"P-75" page 205	Philippine Long Distance Telephone Company	34.93				34.93
"P-75" page 206	Philippine Long Distance Telephone Company	1,903.29				1,903.29
"P-75" page 207	Philippine Long Distance Telephone Company	443.02				443.02
"P-75" page 208	Philippine Long Distance Telephone Company	24,365.93				24,365.93
"P-75" page 209	Philippine Long Distance Telephone Company	2,097.24				2,097.24
"P-75" page 210	Philippine Long Distance Telephone Company	38.59				38.59
"P-75" page 211	Philippine Long Distance Telephone Company	1,968.50				1,968.50
"P-75" page 212	Philippine Long Distance Telephone Company	20.43				20.43
"P-75" page 213	Philippine Long Distance Telephone Company	1,939.72				1,939.72
"P-75" page 214	Philippine Long Distance Telephone Company	35.27				35.27
"P-75" page 215	Philippine Long Distance Telephone Company	2,026.03				2,026.03
"P-75" page 216	Philippine Long Distance Telephone Company	37.15				37.15
"P-75" page 217	Philippine Long Distance Telephone Company	1,996.77				1,996.77
"P-75" page 218	Philippine Long Distance Telephone Company	29.27				29.27

"P-75" page 219	Philippine Long Distance Telephone Company	2,038.14			2,038.14
"P-75" page 220	Philippine Long Distance Telephone Company	34.69			34.69
	Subtotal	**110,640.89**	-	-	-	110,640.89
"P-76" page 209	Philippine Long Distance Telephone Company		443.02			443.02
"P-76" page 210	Philippine Long Distance Telephone Company		24,365.93			24,365.93
"P-76" page 211	Philippine Long Distance Telephone Company		443.02			443.02
"P-76" page 212	Philippine Long Distance Telephone Company		24,365.93			24,365.93
"P-76" page 213	Philippine Long Distance Telephone Company		1,920.33			1,920.33
"P-76" page 214	Philippine Long Distance Telephone Company		1,930.13			1,930.13
"P-76" page 215	Philippine Long Distance Telephone Company		1,944.73			1,944.73
"P-76" page 216	Philippine Long Distance Telephone Company		1,974.59			1,974.59
"P-76" page 217	Philippine Long Distance Telephone Company		22.81			22.81
"P-76" page 218	Philippine Long Distance Telephone Company		36.09			36.09
"P-76" page 219	Philippine Long Distance Telephone Company		1,985.04			1,985.04
"P-76" page 220	Philippine Long Distance Telephone Company		27.97			27.97
"P-76" page 221	Philippine Long Distance Telephone Company		1,917.06			1,917.06
"P-76" page 222	Philippine Long Distance Telephone Company		29.06			29.06
"P-76" page 223	Philippine Long Distance Telephone Company		28.80			28.80
"P-76" page 224	Philippine Long Distance Telephone Company		16.00			16.00
"P-76" page 225	Philippine Long Distance Telephone Company		2,076.65			2,076.65
"P-76" page 226	Philippine Long Distance Telephone Company		1,957.51			1,957.51
"P-76" page 227	Philippine Long Distance Telephone Company		1,993.46			1,993.46
"P-76" page 228	Philippine Long Distance Telephone Company		2,106.76			2,106.76
"P-76" page 229	Philippine Long Distance Telephone Company		2,110.57			2,110.57
"P-76" page 230	Philippine Long Distance Telephone Company		2,002.17			2,002.17
"P-76" page 231	Philippine Long Distance Telephone Company		24,365.92			24,365.92
"P-76" page 232	Philippine Long Distance Telephone Company		443.02			443.02
"P-76" page 233	Philippine Long Distance Telephone Company		22.85			22.85
"P-76" page 234	Philippine Long Distance Telephone Company		2,056.42			2,056.42
"P-76" page 235	Philippine Long Distance Telephone Company		27.89			27.89
"P-76" page 236	Philippine Long Distance Telephone Company		2,040.30			2,040.30
"P-76" page 237	Philippine Long Distance Telephone Company		33.27			33.27
"P-76" page 238	Philippine Long Distance Telephone Company		1,938.44			1,938.44
"P-76" page 239	Philippine Long Distance Telephone Company		43.67			43.67

"P-76" page 240	Philippine Long Distance Telephone Company		2,277.96			2,277.96
"P-76" page 241	Philippine Long Distance Telephone Company		31.23			31.23
"P-76" page 242	Philippine Long Distance Telephone Company		2,055.96			2,055.96
"P-76" page 243	Philippine Long Distance Telephone Company		21.18			21.18
"P-76" page 244	Philippine Long Distance Telephone Company		1,999.58			1,999.58
	Subtotal	**-**	**111,055.32**	**-**	**-**	**111,055.32**
"P-77" page 193	Philippine Long Distance Telephone Company			36.80		36.80
"P-77" page 194	Philippine Long Distance Telephone Company			2,155.38		2,155.38
"P-77" page 195	Philippine Long Distance Telephone Company			37.81		37.81
"P-77" page 196	Philippine Long Distance Telephone Company			2,058.49		2,058.49
"P-77" page 197	Philippine Long Distance Telephone Company			34.26		34.26
"P-77" page 198	Philippine Long Distance Telephone Company			1,941.27		1,941.27
"P-77" page 199	Philippine Long Distance Telephone Company			37.87		37.87
"P-77" page 200	Philippine Long Distance Telephone Company			1,977.85		1,977.85
"P-77" page 201	Philippine Long Distance Telephone Company			35.93		35.93
"P-77" page 202	Philippine Long Distance Telephone Company			2,090.46		2,090.46
"P-77" page 203	Philippine Long Distance Telephone Company			29.34		29.34
"P-77" page 204	Philippine Long Distance Telephone Company			1,969.88		1,969.88
"P-77" page 205	Philippine Long Distance Telephone Company			443.02		443.02
"P-77" page 206	Philippine Long Distance Telephone Company			24,365.93		24,365.93
"P-77" page 207	Philippine Long Distance Telephone Company			423.39		423.39
"P-77" page 208	Philippine Long Distance Telephone Company			7.70		7.70
"P-77" page 209	Philippine Long Distance Telephone Company			24,365.93		24,365.93
"P-77" page 210	Philippine Long Distance Telephone Company			443.02		443.02
"P-77" page 211	Philippine Long Distance Telephone Company			2,113.84		2,113.84
"P-77" page 212	Philippine Long Distance Telephone Company			39.33		39.33
"P-77" page 213	Philippine Long Distance Telephone Company			1,931.67		1,931.67
"P-77" page 214	Philippine Long Distance Telephone Company			35.12		35.12
"P-77" page 215	Philippine Long Distance Telephone Company			2,134.40		2,134.40
"P-77" page 216	Philippine Long Distance Telephone Company			27.77		27.77
"P-77" page 217	Philippine Long Distance Telephone Company			2,069.97		2,069.97
"P-77" page 218	Philippine Long Distance Telephone Company			40.66		40.66
"P-77" page 219	Philippine Long Distance Telephone Company			2,180.77		2,180.77
"P-77" page 220	Philippine Long Distance Telephone Company			32.56		32.56

"P-77" page 221	Philippine Long Distance Telephone Company			2,056.43		2,056.43
"P-77" page 222	Philippine Long Distance Telephone Company			32.12		32.12
"P-77" page 223	Philippine Long Distance Telephone Company			105.12		105.12
"P-77" page 224	Philippine Long Distance Telephone Company			1.91		1.91
"P-77" page 225	Philippine Long Distance Telephone Company			24,365.93		24,365.93
"P-77" page 226	Philippine Long Distance Telephone Company			443.02		443.02
	Subtotal		-	**100,064.95**	-	**100,064.95**
"P-78" page 204	Philippine Long Distance Telephone Company				2,120.17	2,120.17
"P-78" page 205	Philippine Long Distance Telephone Company				30.28	30.28
"P-78" page 206	Philippine Long Distance Telephone Company				2,070.36	2,070.36
"P-78" page 207	Philippine Long Distance Telephone Company				23.08	23.08
"P-78" page 208	Philippine Long Distance Telephone Company				2,053.07	2,053.07
"P-78" page 209	Philippine Long Distance Telephone Company				31.75	31.75
"P-78" page 210	Philippine Long Distance Telephone Company				2,100.33	2,100.33
"P-78" page 211	Philippine Long Distance Telephone Company				33.06	33.06
"P-78" page 212	Philippine Long Distance Telephone Company				1,933.79	1,933.79
"P-78" page 213	Philippine Long Distance Telephone Company				35.19	35.19
"P-78" page 214	Philippine Long Distance Telephone Company				2,107.50	2,107.50
"P-78" page 215	Philippine Long Distance Telephone Company				36.39	36.39
"P-78" page 216	Philippine Long Distance Telephone Company				105.12	105.12
"P-78" page 217	Philippine Long Distance Telephone Company				1.91	1.91
"P-78" page 218	Philippine Long Distance Telephone Company				24,365.93	24,365.93
"P-78" page 219	Philippine Long Distance Telephone Company				443.02	443.02
"P-78" page 220	Philippine Long Distance Telephone Company				2,015.18	2,015.18
"P-78" page 221	Philippine Long Distance Telephone Company				32.27	32.27
"P-78" page 222	Philippine Long Distance Telephone Company				1,935.43	1,935.43
"P-78" page 223	Philippine Long Distance Telephone Company				35.19	35.19
"P-78" page 224	Philippine Long Distance Telephone Company				2,006.86	2,006.86
"P-78" page 225	Philippine Long Distance Telephone Company				39.94	39.94
"P-78" page 226	Philippine Long Distance Telephone Company				2,006.37	2,006.37
"P-78" page 227	Philippine Long Distance Telephone Company				19.29	19.29
"P-78" page 228	Philippine Long Distance Telephone Company				2,086.81	2,086.81
"P-78" page 229	Philippine Long Distance Telephone Company				30.87	30.87
"P-78" page 230	Philippine Long Distance Telephone Company				2,011.80	2,011.80

"P-78" page 231	Philippine Long Distance Telephone Company				36.88	36.88
"P-78" page 232	Philippine Long Distance Telephone Company				36.18	36.18
"P-78" page 233	Philippine Long Distance Telephone Company				2,114.93	2,114.93
"P-78" page 234	Philippine Long Distance Telephone Company				39.54	39.54
"P-78" page 235	Philippine Long Distance Telephone Company				2,159.02	2,159.02
"P-78" page 236	Philippine Long Distance Telephone Company				34.61	34.61
"P-78" page 237	Philippine Long Distance Telephone Company				1,903.78	1,903.78
"P-78" page 238	Philippine Long Distance Telephone Company				22.37	22.37
"P-78" page 239	Philippine Long Distance Telephone Company				2,093.08	2,093.08
"P-78" page 240	Philippine Long Distance Telephone Company				36.05	36.05
"P-78" page 241	Philippine Long Distance Telephone Company				2,128.88	2,128.88
"P-78" page 242	Philippine Long Distance Telephone Company				38.81	38.81
"P-78" page 243	Philippine Long Distance Telephone Company				2,113.26	2,113.26
"P-78" page 244	Philippine Long Distance Telephone Company				105.12	105.12
"P-78" page 245	Philippine Long Distance Telephone Company				1.91	1.91
"P-78" page 246	Philippine Long Distance Telephone Company				24,365.93	24,365.93
"P-78" page 247	Philippine Long Distance Telephone Company				443.02	443.02
"P-78" page 248	Philippine Long Distance Telephone Company				20.43	20.43
"P-78" page 249	Philippine Long Distance Telephone Company				2,063.43	2,063.43
"P-78" page 250	Philippine Long Distance Telephone Company				34.60	34.60
"P-78" page 251	Philippine Long Distance Telephone Company				2,052.56	2,052.56
"P-78" page 252	Philippine Long Distance Telephone Company				34.76	34.76
"P-78" page 253	Philippine Long Distance Telephone Company				1,911.82	1,911.82
"P-78" page 254	Philippine Long Distance Telephone Company				38.70	38.70
"P-78" page 255	Philippine Long Distance Telephone Company				2,104.38	2,104.38
"P-78" page 256	Philippine Long Distance Telephone Company				32.34	32.34
"P-78" page 257	Philippine Long Distance Telephone Company				2,003.73	2,003.73
"P-78" page 258	Philippine Long Distance Telephone Company				36.23	36.23
"P-78" page 259	Philippine Long Distance Telephone Company				2,111.05	2,111.05
"P-78" page 260	Philippine Long Distance Telephone Company				1.91	1.91
"P-78" page 261	Philippine Long Distance Telephone Company				105.12	105.12
"P-78" page 262	Philippine Long Distance Telephone Company				443.02	443.02
"P-78" page 263	Philippine Long Distance Telephone Company				24,365.93	24,365.93
"P-78" page 264	Philippine Long Distance Telephone Company				105.12	105.12

"P-78" page 265	Philippine Long Distance Telephone Company				1.91	1.91
"P-78" page 266	Philippine Long Distance Telephone Company				24,365.93	24,365.93
"P-78" page 267	Philippine Long Distance Telephone Company				443.02	443.02
	Subtotal		-	-	**149,660.32**	**149,660.32**
	TOTAL	**110,640.89**	**111,055.32**	**100,064.95**	**149,660.32**	**471,421.48**
3. Input VAT supported by ORs without authorized signature						
"P-77" page 48	Fairview Marine Transport Corp			41,832.00		41,832.00
"P-77" page 49	Fairview Marine Transport Corp			51,857.14		51,857.14
"P-77" page 50	Fairview Marine Transport Corp			5,991.12		5,991.12
"P-77" page 53	Fairview Marine Transport Corp			1,868.72		1,868.72
	Subtotal	-	-	**101,548.98**	-	**101,548.98**
"P-78" page 54	Fairview Marine Transport Corp				2,274.51	2,274.51
"P-78" page 282	Quickflo Forwarders Inc				11,902.82	11,902.82
"P-78" page 79	Fuji Xerox Philippines Inc				13,959.94	13,959.94
	Subtotal	-	-	-	**28,137.27**	28,137.27
	TOTAL	-	-	**101,548.98**	**28,137.27**	**129,686.25**
4. Input VAT supported by tape receipts						
"P-77" page 170	Makati Shangrila Hotel and Resorts Inc			173.56		173.56
"P-85" page 1	Canelle Food Corporation			83.04		83.04
	TOTAL		-	**256.60**	-	**256.60**
5. Input VAT supported by invoices issued not in the name of the company						
"P-79" page 2	Central Luzon Drug Corporation	11.76				11.76
"P-79" page 3	South Star Drug Inc	19.19				19.19
"P-79" page 4	Sto Rosario Drug Corporation	28.93				28.93
	TOTAL	**59.88**	-	-	-	**59.88**
6. Input VAT supported by ORs pre-printed/stamped with "NOT ELIGBLE FOR INPUT TAX"						
"P-77" page 246	Robeth Dyen Inc			20.04		20.04
"P-77" page 247	Robeth Dyen Inc			20.04		20.04
"P-77" page 248	Robeth Dyen Inc			26.36		26.36
	TOTAL		-	**66.44**	-	**66.44**
7. Input VAT supported by Invoice with alteration but without counter-signature						
"P-81" page 4	South Star Drug Inc			26.68		26.68
	TOTAL		-	**26.68**	-	**26.68**
8. Input VAT supported by invoice without the name of the purchaser						
"P-106" pages 1-3	Ken Knowledge International Pte Ltd				4,991.40	4,991.40
	TOTAL	-	-	-	**4,991.40**	**4,991.40**
	GRAND TOTAL	**₱114,949.72**	**₱111,296.28**	**₱202,577.68**	**₱184,717.56**	**₱613,541.24**

It is worthy to emphasize that the Philippine Long Distance Telephone Company's Permit To Use Computerized Accounting System[42] submitted by petitioner was denied admission as evidence by this Court on March 17, 2015[43]. Accordingly, the Court disallows petitioner's claim in an aggregate amount of ₱471,421.48, which was supported by the computer-generated Official Receipts from the Philippine Long Distance Telephone Company, due to the lack of authority to print the same.

Therefore, out of petitioner's reported input VAT of ₱48,974,437.07 for CY 2012, only the amount of ₱48,077,029.72 represents petitioner's valid input VAT, as computed below:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Total Input VAT	₱ 13,869,503.29	₱ 10,449,320.08	₱ 13,609,971.46	₱ 11,045,642.24	₱ 48,974,437.07
Less: Disallowances					
Per Independent CPA	107,967.82	36,578.70	43,177.94	96,141.65	283,866.11
Per this Court's Findings	114,949.72	111,296.28	202,577.68	184,717.56	613,541.24
Substantiated Input VAT	**₱13,646,585.75**	**₱10,301,445.10**	**₱13,364,215.84**	**₱10,764,783.03**	**₱48,077,029.72**

Allocation of validly substantiated input VAT payments to petitioner's zero-rated sales and sales subject to 12% VAT

The substantiated input VAT of ₱48,077,029.72 is not entirely attributable to petitioner's zero-rated sales since petitioner had sales to government and private entities for CY 2012 which were subject to 12% VAT. Allocating the substantiated input VAT of ₱48,077,029.72 based on the percentage of each type of sales to total sales would show that only the amount of ₱23,940,236.44 is attributable to zero-rated sales, while the rest of the input VAT pertains to sales subject to 12% VAT, *i.e.*, input VAT attributable to sales to private entities in the amount of ₱7,561.94, and input VAT attributable to sales to government in the amount of ₱24,129,231.35, as shown below:

	Sales to Private *(a)*	Sales to Government *(b)*	Zero-Rated Sales *(c)*	Total Sales *(d)=(a)+(b)+(c)*
1st Qtr		₱ 963,812,657.26	₱ 677,382,072.28	₱ 1,641,194,729.54
2nd Qtr	₱ 76,142.04	551,742,901.05	388,602,060.00	940,421,103.09

[42] Exhibit "P-190".

[43] Resolution, docket, pp. 606 to 610.

3rd Qtr	460,517.64	540,764,013.83	965,436,346.21	1,506,660,877.68
4th Qtr	411,984.28	822,185,639.82	855,365,306.03	1,677,962,930.13
Total	**₱ 948,643.96**	**₱ 2,878,505,211.96**	**₱ 2,886,785,784.52**	**₱ 5,766,239,640.44**

	Total Input VAT (e)	Actual Input VAT attributable to Sales to Private (f)=(a)/(d)x(e)	Actual Input VAT attributable to Sales to Government (g)=(b)/(d)x(e)	Actual Input VAT attributable to Zero-Rated Sales (h)=(c)/(d)x(e)
1st Qtr	₱ 13,646,585.75	-	₱ 8,014,132.53	₱ 5,632,453.22
2nd Qtr	10,301,445.10	₱ 834.07	6,043,834.18	4,256,776.85
3rd Qtr	13,364,215.84	4,084.83	4,796,624.85	8,563,506.16
4th Qtr	10,764,783.03	2,643.04	5,274,639.78	5,487,500.21
Total	**₱ 48,077,029.72**	**₱ 7,561.94**	**₱ 24,129,231.34**	**₱ 23,940,236.44**

Excess substantiated input VAT over output VAT

After deducting the input VAT allocated to sales to private entity in the amount of ₱7,561.94, petitioner still has a net output VAT payable of ₱106,275.34, computed as follows:

Output VAT due	₱113,837.28[44]
Less: Input VAT attributable to sales to private entities	7,561.94
Net Output VAT Payable	**₱106,275.34**

Thus, by deducting the net amount of output VAT payable of ₱106,275.34 from its total input VAT attributable to zero-rated sales of ₱23,940,236.44, petitioner's refundable input VAT attributable to zero-rated sales amounts to ₱23,833,961.10, computed as follows:

Input VAT attributable to zero-rated sales	₱ 23,940,236.44
Less: Output VAT Payable	106,275.34
Refundable Input VAT attributable to zero-rated sales	**₱23,833,961.10**

Input VAT was not applied against any output VAT liability in the succeeding quarters

Even though the claimed input VAT is included in petitioner's reported excess input VAT amounting to ₱24,287,875.57[45] in the fourth quarter of CY 2012 and was carried over to the first, second, third, and

[44] Line 15B of Exhibits "P-12", "P-13", and "P-14", docket, pp. 559, 561, and 563.
[45] Line 29 of Exhibits "P-14", docket, p. 563 and "P-27".

fourth quarters of CY 2013,[46] the same remained unutilized since it was deducted as "VAT Refund/TCC claimed"[47] in the fourth quarter of CY 2013. Therefore, the excess input VAT of ₱22,950,929.07[48] as of the end of the fourth quarter of CY 2013, which was carried over to the succeeding first quarter of 2014[49], no longer included the subject claim.

In sum, the Court finds that petitioner has sufficiently proven its entitlement to a refund or issuance of tax credit certificate in the reduced amount of ₱23,833,961.10 representing unutilized excess input VAT attributable to its zero-rated sales for the four quarters of CY 2012.

WHEREFORE, premises considered, the instant Petition for Review is hereby **PARTIALLY GRANTED**. Accordingly, respondent is **ORDERED TO REFUND** or **TO ISSUE A TAX CREDIT CERTIFICATE** in favor of petitioner in the amount of **₱23,833,961.10**, representing its unutilized excess input VAT attributable to its zero-rated sales for the four quarters of calendar year 2012.

SO ORDERED.

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

WE CONCUR:

CAESAR A. CASANOVA
Associate Justice

AMELIA R. COTANGCO-MANALASTAS
Associate Justice

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[46] Line 20A of Exhibits "P-15", "P-16", "P-17" and "P-18", docket, pp. 565, 567, 569, and 571, respectively; Exhibits "P-62", "P-63", "P-64", and "P-65".
[47] Line 23D of Exhibits "P-18", docket, p. 572 and "P-65".
[48] *Ibid.*, Line 29.
[49] Line 20A of Exhibit "P-19", docket, p. 573.

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.

Juanito C. Castañeda, Jr.
JUANITO C. CASTAÑEDA, JR.
Acting Presiding Justice